THE FINANCIAL POST

The Canadian Newspaper for Businessmen and Investors

Largest Circulation of All Canadian Financial Papers

Vol. XXXIV | Member of Audit Bureau of Circulations | PUBLICATION OFFICE: TORONTO, JULY 20, 1940 | 10c a Copy; $5.00 a Year | No. 29

The Nation's Business

Press Disappointed In "New" Cabinet

The press of Canada has been quick to criticize Prime Minister King's failure to strengthen his Cabinet by going outside party ranks. Editorial comment in a score of instances has been scathing in its disapproval of a war effort continued, as the editors feel, on purely partisan lines.

The Brantford Expositor speaks the mind of most editors when it says:

"... The impression remains that Mr. King must take still further steps before he can succeed in creating the strongest possible War Cabinet."

The cabinet reorganization of a few days ago is only a makeshift affair. If the Prime Minister will not take the initiative in "strengthening cabinet leadership by drawing on Canada's best executive brainpower irrespective of political considerations," then it will not be long before a further reorganization will be demanded by the growing impatience of the Canadian people.

* * *

Misguided Obstinacy Behind Insurance Act

The obstinate determination of the Federal Government to proceed with a scheme of national employment insurance at this time is a profligate and unwarranted dissipation both of administrative and national energy.

One argument put forward by the Government is that now is the time, when industry is reaching a peak of employment, to inaugurate the insurance plan.

This argument confuses the wisdom of some sort of post-war savings cushion, with the folly of launching into a vast and untried programme of social reform at a time when every last atom of energy should be concentrated on the supreme task of winning the war.

* * *

Rt. Hon. Arthur Meighen put the matter not a whit too forcefully in the Senate last week when he said:

"We are in the black, crucial period of a fearful peril ... in which the last ounce of energy of everyone, on our side at least, is necessary if we are to have a chance of success ... What is going to be required in the way of human and material contributions is terrific. The end we cannot see but we do know that the immediate demand passes all the efforts of the imagination.

"Ordinarily I am in favor of unemployment insurance. I took that position six years ago and in similar circumstances or anything like them I would take it again. But surely circumstances are not similar. Is it going to be of value for us to be known as launching upon this great programme of reform, entailing scores of millions per annum at this truly desperate stage of our war effort?"

* * *

Even in this time of crucial emergency some thought should properly be given to building post-war reserves from industrial wage earnings. But there will be no agreement among men of sound business judgment that the best and only way to meet that need is to set up a huge insurance bureaucracy involving at least 3,000 new civil service appointments, a direct drain on the federal treasury of at least $16.5 millions, and a total annual tax on industry and wage-earners of $72.5 millions.

The need of a post-war savings cushion for industrial workers could more easily and effectively be met if the Government were to adapt its present war savings certificate machinery for this purpose.

The nucleus of such a plan was suggested to the Government by the Canadian Manufacturers' Association recently. (A brief outline of the plan will be found in an editorial on page 6.)

Out of such a plan there might come at war's end a larger social insurance programme more suitable to post-war conditions and needs.

Meanwhile the Government would be playing a wise and beneficent part in husbanding industrial wages against post-war collapse. It would be doing this at negligible cost to the public treasury. It would at the same time be furthering its own war savings fund programme.

* * *

Apart from the present untimeliness of unemployment insurance, there is also the unwisdom of attempting to speed enactment of such a measure a few days before Parliament is scheduled to prorogue.

A law of this type is not comparable with emergency war regulations and measures. Once enacted it will of course become permanent. It will affect the well-being and working conditions of more than two million wage earners for many years to come.

Hon. R. B. Hanson has rightly demanded of the Government that the bill should be thoroughly discussed in committee. But no committee can

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Plenty of Shipping Is Now Available

Despite Recent Losses British Provide Abundance of Vessels for Movement of Canadian Supplies — Sudden Change

Rapid shifts in recent months in war conditions affecting both supply and demand of merchant shipping, have developed fully sufficient if not an actual surplus of tonnage to meet British and Canadian needs, latest reports indicate.

Up to comparatively recently, shortages of vessels were causing concern over exports of wheat, lumber, food supplies, war materials, and Canadian exports generally. Difficulties were also encountered in regard to movement of Nova Scotia coal up the St. Lawrence. Combined with the inevitable restrictions of the convoy system, lack of adequate shipping of British or other registry was limiting both the volume and speed of ocean transport.

Supply is Assured

Present information from both Canadian and British sources indicates virtually a current surplus of cargo carriers, and assurance against any fresh shortage in the immediate future, at least. In fact, unless some major development should arise to change the situation, all the tonnage required for some time to come will be available.

Already B. C. lumber producers are finding the shipping problem considerably eased, and fear of lack of shipping for export of Canada's new wheat crop is receding. The present situation should also facilitate transport abroad of both war supplies and regular exports, and help in the movement of Canadian coal over coastal, river and lake routes.

More Than Needed

Admittedly the German submarine campaign has taken a toll of Allied shipping, but the amount of tonnage still available to Britain is far greater than generally realized. The closing of some trading areas; the prohibition of shipping in certain war zones, and transference of Norwegian, Danish, French and other shipping to British control has created for the time being more vessels than are needed.

All of this shipping has been taken over by the British Admiralty on a "rental basis" and the question at the moment is where to get supplies to fill all the bottoms and so keep them in profitable operation.

Supply Surveyed

The current issue of the Royal Bank of Canada monthly letter, in discussing merchant shipping in wartime, points out that since 1918 there has been an excess of tonnage in the world's mercantile marine; in June, 1939, more than three million tons were idle, the large proportion being of British registry. This was the result of the great activity in shipbuilding immediately following 1918.

The convoy system reduced the effective carrying capacity of the merchant fleet by 25%. Against this the efficiency of the mercantile mar-

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Sousa Schemes Heard Again

Story Told by The Post Last February in Alberta Bank Hearings

Name of a Mr. Sousa came up recently in the hearing on the proposed Province of Alberta Bank Bill in the House of Commons Banking and Commerce Committee at Ottawa. Henry Ross, M. P. for Calgary East, told the committee that Premier Aberhart had offered Mr. Sousa the privilege of financing and organizing the proposed bank.

Hon. Solon Low, Provincial Treasurer, told the committee that Mr. Sousa had arrived in Edmonton early in 1938. He came to interest the Alberta Government in a proposal from a United States syndicate to build a highway to Alaska through Alberta. Another of his proposals was to refund the Alberta provincial debt. Tied in with the road building project was to be establishment of a provincial bank.

Mr. Low gave little hint as to the identity of Mr. Sousa nor was the

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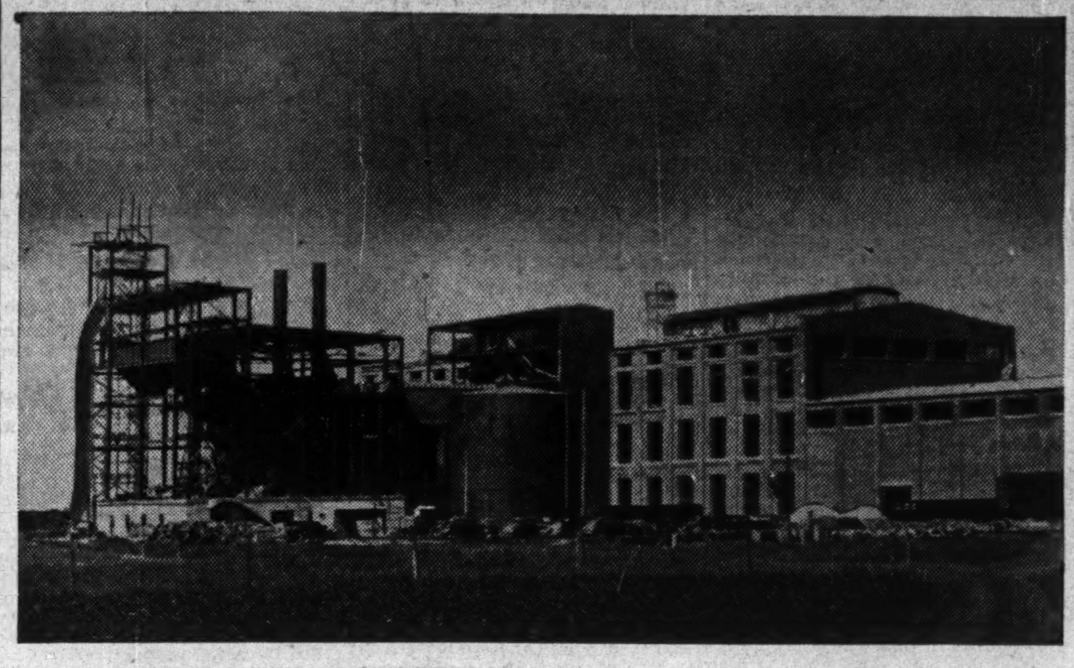

SUGAR PLANT NEARS COMPLETION

Manitoba's first beet sugar plant is fast approaching completion and is expected to commence operation in September. More than 300 men are now engaged in finishing up the buildings and installing machinery, and approximately 17,000 acres have been planted to beets within a radius of about 60 miles.

The picture shows the storage end of the building, which will hold 20 million pounds of sugar, and the processing end, rising above the other part. The big tank is for the storage of molasses.

Highlights OF THIS ISSUE

Working capital of 18 companies is now greater than the market value of their outstanding stock, a survey reveals. In other words, market prices ignore plant and equipment. These companies and their prospects are reviewed in
Eighteen Bargains—p. 9.

* * *

Canada's exports have gained 25% since the war started. But the character of this trade has changed. New products are being sought; new markets have opened. A staff writer reviews our reoriented trade position.
War Rechannels—p. 9.

* * *

High returns, all the way up to 50%, are shown by new gold mines at present share prices. Sixteen of these mines with exceptionally high earnings are covered in.
Earnings Up to 50%—p, 15.

* * *

Record revenue was received by Canadian newsprint mills in the first half of 1940, available figures indicate. Shipments of newsprint in June represented 96.1% of capacity.
Newsprint Revenue—p. 10.

* * *

New grain problems are besetting Canada, with many market outlets cut off and much of the old crop unmarketed.
Government Ponders—p. 10.

* * *

General Index on p. 2.

War Brings Curbs On Tax Refugees

Canadians Returning From Low-tax Havens to Seek Safety Here, Find Wealth Under Exchange and Other Controls

From Our Own Correspondent

MONTREAL.—Certain names that disappeared from Canadian tax records a few years ago are back on the rolls. And there are likely to be more as time goes on.

Refugees from Canadian taxes are now refugees from something worse—the Hitler threat to freedom.

Wealthy ex-Canadians, who found high taxes in Canada unpalatable, but who have been forced to return home because of war conditions in their tax-free havens, find that their temporary sojourn abroad has accomplished but little. Some of them find themselves in a much worse fix than when they lived in Canada before, as their assets are now tied up by various exchange regulations.

Likewise those in England, or those who have returned of late, who were using a technicality to avoid Government control over their wealth, have found themselves lately in the same class as those subject to regulation.

The Foreign Exchange Control Board and the Bank of England have co-ordinated their efforts more closely than ever before, with the result that those Canadians find that, in effect, control of their holdings rests with the Government.

Until the last few weeks the matter of returning wealthy Canadians was of no particular moment. But the developments in Europe caused many to seek a safer haven in their homeland. Then it was remembered that a number of them had left the country to avoid heavy taxation.

Many Left Country

Among Canadians who figured in public discussion at a time when wealthy men were leaving this country for retirement in comparatively tax-free lands, the most prominent name was that of W. A. Black, former president of Ogilvie Flour Mills and a director or officer of a host of other Canadian companies. He was one of Canada's wealthiest men. He retired to the Channel Islands where the income tax is relatively negligible. Recently he returned to Canada, when the Nazis took over the Channel Islands.

Sir Harry Oakes, Toronto mining millionaire, gave up Canadian residence to live at Nassau. He still lives there. The Nazis have not reached the Bahamas.

Stuart Strathy, of Toronto, retired to Guernsey three years ago and of late has returned to Toronto. Mr. Strathy was formerly Ontario Supervisor of the Royal Bank of Canada and before that general manager of the Traders Bank.

In the cases sited it is not definitely known, of course, why they left Canada. Some may have left for reasons other than to escape Canadian taxation they found onerous.

A number of other Canadians left for the Channel Islands and the Bahamas either to escape the high taxes of Canada or for other reasons. Some have returned. More are expected.

Assume New Importance

Many of these Canadians-away-from-home possess considerable wealth. In view of the restrictions placed upon capital not only in this, but in other parts of the Empire, as well as the sharp increase in taxes, there has been considerable interest as to their standing.

The questions uppermost in the minds of many are: Will the British

(Continued on page 2, col. 3)

Abitibi Bond Time Limit Date is Set

Sept. 14 Last Day to Receive Deposits Under Judicial Sale Plan —Short Option Period

Sept. 14, 1940, has been set as the last date for accepting deposits of bonds under the plan of judicial sale by the bondholders' protective committee of Abitibi Power & Paper Co. Until that date the committee continues to accept further deposits that are presented.

Work is proceeding on preparing the advertisements for the sale of the Abitibi assets. The advertisements are scheduled to appear some time in October, under the sale order granted by Mr. Justice Kingstone.

It is now indicated that the Symington Bondholders' Committee does not plan to make any changes in its proposals as originally outlined in March, 1939. It was at first supposed that the committee would find it necessary to bring up to date some features of its plan of procedure. This plan included a provision whereby stock purchase warrants would be issued to holders of present shares, or ordinary creditors. The prices set for exercise of these warrants were calculated so as to provide funds for complete redemption of outstanding bonds, plus accrued interest, if all warrants were taken up. The first price was $36 a share, exerciseable prior to Jan. 1, 1940, and the second $37 a share thereafter and until June 30, 1940. Both of these dates have passed and any options to exercise warrants at these prices with them.

Shortens Option Period

The actual effect of the expiration of these warrants apparently is that the delay is carrying out the plan has cut down the period of option. Following out the policy of making no changes also means that no further difficulties have to be met in complying with Securities and Exchange Commission regulations.

Some confusion seems to have arisen regarding the position of the agreement between Abitibi and the Ontario Government whereby Abitibi obtains necessary timber limits and waterpower rights.

Position of Timber Limits

At the hearing on the application for leave to sell, C. R. Magone, of the Attorney-General's Department, referred to a telegram sent to the Bondholders' Protective Committee which mentioned the province's power to terminate these agreements on six months notice. This was widely interpreted as meaning that Ontario had actually given this notice and that the agreement would terminate six months after April 1 of this year.

The Financial Post is now told that no such notice has ever been given. To terminate the agreement of March, 1939, would require written notice to both the Montreal Trust Co. and the Abitibi company itself, it is claimed. This notice has not been given.

It appears that Mr. Magone's reference was to the telegrram sent to the committee last September, and referred to in the Ontario house later. This telegram made it clear that the province did not consider last September opportune time to place Abitibi's assets up for sale and that it would not consider such a proposal an acceptable plan at that time. It did not serve notice on the company of the province's intention to terminate the agreement as it had the right to do after April 1, 1940.

Shawinigan Gross Sets Record

Returns For Half Year Top $8 Millions — Cover Dividend After Tax Provision

From Our Own Correspondent

MONTREAL.—Shawinigan Water and Power Co. gross income for the first half of 1940 was the highest for any corresponding period since the company started operations in 1898.

The sharp improvement in industrial operations in the territory served, especially in the newsprint field, brought gross revenue for the 6 months ended June, 1940, to nearly $8.1 millions, or at an annual rate of better than $16 millions. For the first half of 1939 gross amounted to better than $7.2 millions, or at an annual rate of around $14.5 millions.

Pay Heavier Taxes

The improvement in gross was not carried though to net. The increased volume of business brought about an increase in operating expenses of nearly $80,000. Power purchased jumped by $98,000, while general taxes advanced $45,000. Premium paid on foreign exchange to meet bond interest rose from $12,000 last year to $131,449 this year. An additional $100,000 was set aside for depreciation.

The most marked increase in expenses occurred in income taxes, included provision for excess profits tax. This charge for the past half year amounted to $504,571 or more than double that for the like period of 1939.

Cover Dividend Rate

Despite the relatively heavy increase in taxes, the company was able to show a net available on the common stock of $1,133,722 or 52 cents a share. This was slightly larger than for the first half of 1939 and comfortably in excess of dividend requirements.

Comparative figures on the revenue and expense statement for the first half of 1940 and 1939 follow:

Statement of Revenue & Expenses
6 Months Ended June 30

	1940	1939
Gross revenue	$8,065,652	$7,244,215
Less: Gen. exp., etc.	1,726,821	1,646,033
Power purchased	957,915	861,958
Water rentals	235,271	239,819
Taxes	547,149	502,366
Net revenue	4,598,496	3,994,019
Less: Fixed charges	1,928,752	1,876,004
Exchange	131,449	12,000
Depreciation	900,000	800,000
Income taxes	504,572	198,945
Surplus	1,133,723	1,107,070

Famous Players Revenues Rise

Offset by Increased Taxes — Dividend to Be Maintained

Slightly better earnings have been shown by Famous Players Canadian Corp. in the first six months of the year, as compared with the same period of 1939, The Financial Post is informed. Earnings last year were equal to $2.09 per share on the common stock.

The company has been adversely affected by the premium on U.S. exchange, as cost of films is 10% higher than before the war as a result. This is a big item.

The 1940 increase has been offset, also, by higher corporation taxes. Unless there is a much greater increase in earnings this year than looked for, the company will be subject to the minimum 30% Dominion corporation tax, as compared with 18% in 1939. Nearly $240,000 was paid in taxes last year, while an increase of $100,000 is faced this year on the basis of 1939 earnings.

Net Profit About Same

The increased taxes have been about offset so far this year by the higher theatre attendances. Provided the improvement continues at the same level for balance of the year, net profit should be about the same as in 1939.

There will be a small saving this year on bond interest, although this may be more than offset by higher dividend requirements due to the issuing of further capital stock. Total of $700,000 series "A" bonds were retired June 1, reducing the amount

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The War And Business . . A Weekly Round-up

This week Canadian businessmen watched the rapid unfolding of plans for National Registration; for enlargement of the non-permanent militia; for the early draft of the 21-24 age groups for training in home defense; and for jamming through a sweltering Parliament an unemployment insurance measure that no one (except the Government) has had any opportunity to study.

Some interruption to normal operations in industrial plants and business establishments is foreseen from the absence of young men in training camps. But business firms stand ready to give the utmost co-operation in releasing their employees. Many companies plan to pay full or partial wages to the men during the training period, although there is no compulsion upon them to do so.

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Famine and Cold

That Europe faces a winter of both famine and cold becomes increasingly apparent. At least 35 million people will be on near-starvation rations by November.

The "bread basket" countries of the continent will have no net exportable surplus of wheat, while Germany, France, Italy and most of the smaller countries will have a substantial deficit. Luxuries like coffee and tea will be unobtainable. Europe expects Hitler to use his might to grab more than Germany's fair share of the continent's food, in order that German soldiers and munitions workers may be fed. German soldiers are getting extra leave for farm work.

Authoritative reports tell of the indiscriminate killing of cattle in order to conserve fodder and provide meat immediately, at the expense of future supplies. Hitler is gambling all on a quick victory and treating occupied territories with cold indifference, stealing their cheese, eggs, bacon and livestock.

Nor will Europe's millions have heat to comfort them, for Europe is a large coal importer and this winter cannot obtain coal from abroad. Again Hitler is expected to monopolize Europe's fuel for German use.

* * *

It is not only food and fuel that will be short in Europe this year. Germany is running short on rubber, wool and cotton and cannot replace her stocks. She is well supplied with steel and iron. There is some doubt as to the adequacy of her supplies of petroleum (although Italy is running short). Conquest of France has increased Nazi industrial output. But the quantity may be greater than the quality, due to shortages of manganese, nickel, tungsten, chrome and alloys.

No one questions that Hitler will exact from France hard tribute in the form of machinery and industrial products, even at the cost of ultimate dismemberment of many French plants and the reckless utilization of France's raw materials.

* * *

"Blockade" of Britain

Britain too is blockaded but not yet effectively, for the British Navy still controls the oceans. Britain has for years studied nutrition problems and is maintaining the food value of her people's diet while reducing tonnage imported.

Increasing dangers to ocean shipping are reflected in another boost in war risk rates. To and from British and Irish ports the rate is now 10% (up from 7½%). The British Government continues to quote an unchanged rate of 2½% but this insurance is not broad enough to cover all commercial cargoes.

* * *

In part, the insurance rates reflect the increased violence of the German submarine campaign, which has been taking a toll at new high figures. But Britain calmly announces that it has more cargo tonnage now than at the beginning of the war (new shipbuilding, seizure of enemy ships). In fact, due to drying up of some of the world's shipping channels, Britain has an embarrassing surplus of ships on the North Atlantic route. "Britain will continue to be fed," is the succinct, confident statement of shipping authorities.

In the Mediterranean, British freighters continue to run, although at increased risk.

* * *

Too Much Wheat Here

While the continent is threatened with a wheat shortage, Canada faces embarrassing over-abundance. The problem of storage is expected to be an acute one. For the first time Canadian grain-growers may have to keep wheat on their farms because of a shortage of elevator accommodation.

Ottawa expects no new Minister of Agriculture soon. National War Services Minister Gardiner will continue to hold that post as his second job.

* * *

Boost for McNaughton

Last week this column reported that General McNaughton would not be brought home from Britain to a supreme defense job in Canada; that he was slated rather for the second or third job in the British army. This week's promotion of the First Division O.C. to the rank of Lieut.-General and to the command of a British-Canadian army corps confirmed The Post's forecast.

Further steps in the direction of staff talks between key defense officials in Ottawa and Washington are reported.

* * *

Airplane Engines

Packard has decided to take on the order for 6,000 Rolls-Royce airplane engines for Britain, spurned by Ford. Packard delayed its acceptance, awaiting clarification of U. S. policy in respect to amortization allowances on new machinery installed for defense production. Washington has agreed to accelerated write-offs of such machinery in all plants over a five-year period. (Congress must still confirm.)

In Canada no such problem exists. Income tax authorities have adopted as a governing principle (subject to modification in individual cases) that write-offs for income tax purposes will be based upon the contract terms. These vary but in general allow for special amortization over a short period as part of the price.

* * *

A "scare" story came out of Washington this week about the limited production of high-powered aircraft engines in the United States. Present output is only 1,300 a month in the four American plants that make large engines. As it takes an average of 2.5 engines per airplane (counting spares) it will be seen that this provides power for little more than 500 airplanes.

The story brought out no facts not already generally known. Engine production in the United States will be 2,000 a month by the end of the year; prodigious figures will be reached by 1942 (8,333 per month) but these figures are now only of academic interest.

Real significance of the U. S. figures lies in the fact that aerial bombing is steadily hitting German production; may later hit U. K. output. The U. S. figures, while not too comfortably large, will loom as more important to Britain from month to month.

* * *

Dollars for War Guests

Plans for the evacuation of children from the Old Country continue to run into snags. There are no signs of solution of the key problem, that of permitting British families to transfer to Canada the funds to pay for the upkeep of their children on this side of the water, where friends or relatives are not in a position to assume the burden. The presence of the Bank of England's Sir Otto Niemeyer at Ottawa may provide an opportunity for a frank presentation of this problem by Canadian to British authorities.

* * *

Twice Refugees

A new type of refugee is seen in the movement from Europe to Canada—people who are refugees for the second time in their lives. Once they fled Canada to escape heavy income taxes and death duties, establishing domicile in the Channel Islands. Now they are refugees from their new homes and are returning to Canada to re-establish their homes here.

Ottawa's attitude toward them is that if they return here they will not be assessed for income taxes they escaped during their absence. Their former change of domicile will be accepted as legal and genuine. But on making their homes here they will again become subject to Canadian taxation. And the refugees, in many cases, find their capital locked up in exchange regulations.

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Nazi Propaganda

This week Germany tried a new tactic: a broadcast in French to French Canadians urging them not to "fight for hopeless causes." But another broadcast, in German to Germans, excoriated the French people as "barbarians and brutes."

* * *

Britain Will Endure

Still ringing in the ears of Canadians—and Americans—were the words of Prime Minister Churchill who told the world that Britain would see London in ashes before it would yield. The broadcast had a pronounced effect upon American opinion, where the defeatist view that the war was already lost, that Hitler had won, was gaining ground among businessmen until a week ago. Americans are beginning to believe that Britain cannot be so easily licked.

Well-informed American commentators who have not their attention rivetted on the presidential campaign to the exclusion of all other matters, are pressing home the plain truth that England is not beaten; that with or without American aid the British Commonwealth of Nations has the sticking power to keep the battle going until military superiority over the totalitarian states is reached. Said sagacious Anne O'Hare McCormick in the New York Times: "The clear point in the picture, indeed, is that Hitler's conquest of the continent only begins the large-scale war."

* * *

And a revealing summary of the present situation in the current news letter of the Imperial Policy Group, of London, shows that even if the Islands of Britain were overcome Hitler could not consolidate his gains.

"If his forces venture into Africa or Asia, he will find himself confronted with new and terrible problems which will defy solution ....A conquest of Europe alone can bring no permanent gain to the victor. The conquest of the world, on the other hand, is impossible."

Plan Submitted To Aid Jobless

Bill Shows Unemployment Insurance Scheme Affects 4.6 Millions

From Our Own Correspondent

OTTAWA.—Protection for an estimated 4,660,000 Canadians will be provided under the new Unemployment Insurance Act, introduced in Parliament by Hon. Norman McLarty, Minister of Labor. It will apply to all earning less than $2,000 a year, with certain specified exceptions such as seasonal workers.

Official decision to proceed with the measure in spite of the war was based upon the rise of employment in industry to an all-time high level in Canadian history. The number of persons employed in 1941, it is estimated, will be 2,100,000.

While details of the machinery of administration have been withheld, it is understood that a staff of up to 3,000 persons will be required. Direction of the scheme will be in the hands of a commission. A national employment committee will be set up to advise the unemployment insurance commission.

Operative in 1941

The scheme will probably not come into operation until 1941, but the feeling in Government circles is that a start should be made when the national income is at wartime high levels. In this way the reserve fund can be placed in a strong position in the shortest time. It will take several months to organize the

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Coming In The Post

Germany may have difficulty keeping its troops clothed, as its textile mills depend upon overseas for about three quarters of the raw materials needed. But there is no danger of the same happening in Canada, for two friendly nations—Britain and the United States—dominate export markets of wool and cotton.

Next week The Financial Post, in its annual textile review, will outline the story of the industry under wartime conditions.

Operating Unit of Lottery Moves to Cancel Charter

On heels of disclosure of the Irish Sweepstakes link of the attempted $4.5 millions sweepstake of the Provincial Society for Assistance to the Blind, Montreal, and of enforcement of a postal prohibitory order against it, indications have now developed that the operation has been or is being wound up.

Official notice has been published of intention to apply for cancellation and surrender of the Quebec charter of Alliance Agencies Ltd., through which the sweepstake has been promoted and operated. Incorporated only last March, the concern contracted with the Provincial Society for use of the latter's name as ostensible sponsor of the sweepstake. Notice of the proposed charter cancellation was signed by Sydney Freeman, whose name is the same as that of a well known agent of the now dormant Irish Hospitals Sweepstakes.

Office "To Let"

Recent visitors to the Montreal head office of the Provincial Society found a "To Let" sign in the window of the small and unimpressive premises, suggesting the Society no longer required the place. Located in an outlying section of Montreal, the office consisted of a couple of desks and chairs set up in a former store. The name of the Society did not appear on the windows or door of the office.

Investigators who called at the office of Alliance Agencies in a downtown office building in Montreal were told that late in April a young man giving the name of "Sydney Fried" had leased the office for a year and paid a month's rent in advance. Since then, nobody had appeared near the office, no name was put on the door and no mail had arrived.

Status Uncertain

Status of the lottery and the planned draw and distribution of "up to $1 million" in prizes was uncertain this week. The draw was originally slated for July 19 on a Chicago race July 20. With Alliance Agencies in process of dissolving, the Provincial Society apparently ready to close its office, and the postal authorities tightening up on the lottery, it may be that the draw and prize distribution have been abandoned.

THE BOOK OF THE HOUR FOR EVERY CANADIAN!

CANADA: AMERICA'S PROBLEM

by John MacCormac

(FORMERLY CANADIAN CORRESPONDENT OF THE NEW YORK TIMES)

A frank and challenging discussion of Canada's position with regard to her southern neighbour — a relationship which has suddenly taken on new and greater significance since this country's entry into the European War — written by a man whose long experience on both sides of the border has made him an outstanding authority on questions of Canadian-American relations. A book of vital importance to every Canadian (and every American) who is interested in the attitude and policies of his immediate neighbour. Each $3.25

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T. EATON Co. LIMITED TORONTO CANADA

Plenty of Shipping Available

(Continued from page 1)

ine was greatly increased from 1914 to 1939, some authorities placing the gain at no less than 60%. The average speed also rose substantially. The British merchant marine is one of the most efficient; less than 45% has a top speed below 12 knots, with 24% in excess of 15 knots.

Serve Different Uses

In the last war about 20% of the total British tonnage was, on the average, engaged for use as troop, supply and auxiliary ships. Moreover considerable tonnage was in use for trading with countries which were allies of the U. K.

In the early months of the present war, a considerable amount of shipping was used for the same purposes, but at this stage the requirements are not nearly so great as they were in the last war.

Moreover a considerable amount of neutral tonnage has come under the direction of the British Admiralty. For example, Norwegian tankers, which account for a fairly large share of the world tonnage of that particular type of vessel.

Get Extra Supplies

Again, the shipping required for trading with continental Europe has declined to negligible proportions in recent weeks, so that additional tonnage has been made available for British use elsewhere.

The position of the world mercantile fleet at the beginning of the war and the losses to the end of February, 1940, are set out in the following table incorporated in the Royal Bank's memorandum on shipping:

War Losses of Shipping

	*Pre-war fleets (Gross tons)	†War losses (Gross tons)	% of fleet
Sweden	1,591,919	75,653	4.8
Denmark	1,176,172	48,125	4.1
Greece	1,780,666	64,839	3.6
Finland	625,531	20,866	3.3
Belgium	408,418	12,772	3.1
Germany	4,492,708	138,622	3.1
Brit. Empire	21,215,261	642,294	3.0
France	2,952,975	79,419	2.7
Holland	2,972,871	73,163	2.5
Norway	4,834,902	110,832	2.3
Italy	3,448,453	32,246	0.9
Japan	5,629,845	11,930	0.2
Other war losses	4,084,139	46,146	1.1
Total	55,203,861	1,356,907	2.4
‡Other countries	14,235,798	......	..
Total	69,439,659	1,356,907	1.9

*Merchant tonnage as of July 1, 1939.
†Sept., 1939, to Feb., 1940.
‡Without war losses.

More Under Control

To gain some idea of the effective tonnage available to Britain, it is necessary to group a large percentage of the returns for Norway, France, Netherlands and Denmark now under control of the Admiralty. Further a large amount of neutral shipping also is available to Britain.

As regards submarine and other losses, the tonnage involved has increased heavily since these figures were compiled. However the losses to date are relatively small in relation to the shipping available in the restricted trading area. As far as the British supply of shipping is concerned, there is no shortage of tonnage in view.

B. C. Lumber Moving

From Our Own Correspondent

VANCOUVER.—Within the past few weeks the whole transportation situation affecting British Columbia's lumber export trade has changed.

So many ships are now available for handling cargoes that the railways are not likely to be used to such a large extent from now on for the transport of lumber to the Atlantic seaboard for transshipment, unless unforeseen developments make it necessary to place more dependence on the overland route.

Meantime sawmills are producing to the full extent of effective capacity, several operating two shifts and overtime. Output is probably higher now than it has ever been, and the reason is that a time limit has been placed on recent orders from the British and Canadian Governments. Some of the lumber now being produced is for airport construction and is needed in a hurry. Sitka spruce mills are also busy with aircraft lumber orders.

Famous Players Revenues Rise

(Continued from page 1)

outstanding to $350,000. This probably means a reduction of about $12,500 in debt charges for the final six months of the year and twice as much in the full 12 months of 1941.

On the other hand, capital outstanding increased by about $350,000 to $4.4 millions during 1939 and dividend requirements by about $96,000 to $422,524. A further 5,000 shares were sold for $75,000 in January last, while two blocks of 11,000 shares each are under option to be taken up July 15, 1940 and 1941.

Outlook Good

While difficult to forecast, outlook for the fall and early winter is regarded as encouraging, with a number of outstanding pictures scheduled.

No difficulty is anticipated in continuing the higher dividend rate of $1 per share annually established last year. It was the first year since 1932 this amount was paid, comparing with 80 cents in the previous year.

The special theatre night held this week throughout Canada in aid of the sale of war savings certificates cost the full Canadian industry over $150,000. Major portion of this was borne by Famous Players, which is the largest operator in the Dominion, with theatres owned, controlled or leased with seating capacity of nearly 300,000.

Public Demand Changes

The war has changed the public demand for pictures somewhat, with lighter features and musical types such as "New Moon" winning the greater appeal. Little change has been noted, however, in the popularity of stars, the pre-war favorites continuing to win the same acclaim.

Honey Dew Sales And Profits Continue Up

Sales and profits of Honey Dew, Ltd., Toronto restaurant chain, continue to improve. June this year showed sales of $117,504 against $94,352 a year age, a gain of 24.54%. For the first eight months of the current year, sales have totalled $820,709, a gain of $123,667, or 17.74%, from the corresponding months a year earlier.

Profits, before provision for income tax, were $6,082 in June this year compared with $675 in June, 1939. For the eight months, aggregate profits, before taxes, have been $33,949 compared with a loss of $6,496 last year.

SCHOOLS AND COLLEGES

BRANKSOME HALL
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A Residential and Day School for Girls
Junior and Honour Matriculation—Kindergarten and Junior School—Art—Music—Household Science—Secretarial Course—Swimming Pool—Skiing at School Farm.
School re-opens Sept. 11th
For illustrated calendar write the Principal
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An exceptional boarding school for boys
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EDUCATION AND THE PRESENT CRISIS
We are living in a state of national and world emergency. It is most important, therefore, that we should prepare our younger generation for the tremendous tasks that will face them. To economize in education is to demonstrate a lack of faith in the future.
Pickering College offers a complete educational programme, including a new Preparatory Department for boys ten to thirteen years of age, Matriculation, and a Business Administration Course for older boys.
For full information regarding courses, fees, bursaries, etc., write the Headmaster, Joseph McCulley, B.A.
AUTUMN TERM OPENS SEPTEMBER 13th

The Nation's Business

(Continued from page 1)

do justice to a measure of this magnitude in a few days.

If Parliament is to be prorogued by the end of July this special committee should be empowered to continue its study during the recess and report its findings back to Parliament in the fall.

* * *

Yes, Tourists May Leave as Well as Enter

Under the sponsorship of the Canadian Pacific and the Canadian National Railways a series of broadcasts has been arranged in the United States to advertise Canada's tourist attractions in that country. The series was arranged in cooperation with the Canadian Travel Bureau. It is part of the national effort to combat misunderstanding and misinformation about the sort of welcome American visitors will receive here this summer.

That a tremendous job needs to be done is evident in conversation with Americans who have had the temerity to come to friendly Canada this year. These visitors tell invariably of the misleading and distorted impressions which are abroad in that country about travel restrictions in Canada.

Currently, the story most frequently mentioned is the one which says in effect: "Yes, you can come into Canada but you can't get out."

This suggests that Canada has been successful in breaking down earlier propaganda about the difficulty of entering Canada, but that emphasis must now be placed on the freedom which tourists will enjoy, not only while they are in Canada but when they are ready to go back home.

* * *

On this point the authoritative and influential Whaley-Eaton letter refers this week to the new American regulations (designed to improve control over aliens) which gave rise to this false impression. It says:

"In practice, the regulations are now much modified and Americans are assured of re-entrance without trouble if they have 'even a driver's license' with which to prove identity."

In these new U. S. broadcasts and in all publicity now being directed by Canada toward potential U. S. tourists, it is highly important that this ease of re-entry should be emphasized.

* * *

Wealth and Culture Seek Haven Here

American papers are filled with human interest stories of wealthy and influential persons now arriving from Lisbon, last outpost of the old Europe, to take up residence on this continent. Many of these are representative of the great names of European history. They inherit wealth, treasures and talents that have made the Old World famous through the centuries. Many, of course, are of Jewish stock or connection.

Scores of these people would like to make their homes permanently in Canada. They have been driven from their homes and are looking to the New World to find fresh opportunities and security. Many of them could make an important contribution here.

Against any who might prove traitorous we must be doubly cautious. But, assuming precautions are taken, should not Canada continue to offer a haven for men of wealth and business experience who can bring to this country not only substantial wealth in the form of cash and investments but also art and other treasures?

If Europe is bent on self-destruction, Canada's opportunity would be in offering permanent residence to those who can bring to us at first hand something of its wealth and culture.

War Curbs Tax Refugees

(Continued from page 1)

authorities let a former Canadian who is returning to Canada more or less permanently transfer his investments or credit to Canada? Secondly, what is his tax status?

Wealthy or otherwise, the returning Canadian is not escaping the new income taxes. He will pay either the British or Canadian income tax, whichever is greater, depending upon his place of residence.

No Control Over Wealth

The returning Canadian who went to the United Kingdom to retire, work, or just to escape payment of onerous taxes, finds his position unchanged as regards control over his wealth. He cannot bring with him any stock certificates, jewellery, stamps, etc., that constitute a form of wealth.

The Bank of England will not allow him to take his capital out of the country. True he can take a nominal sum, probably not exceeding $500, but the bulk of his estate must stay in Britain. But to the wealthy Canadian with a non-resident Canadian investment company this was no stumbling-block. His assets were already in Canada.

Protection of Wealth

Until recent days there was a lack of co-ordination between the Foreign Exchange Control Board and the Bank of England which made it possible for a Canadian so inclined and under certain conditions, set out below, to escape the regulations restricting the movement of wealth from one country to another.

A wealthy Canadian more often than not formed a private investment company. At the time he had the right to exercise the option of having it classified as a resident or non-resident company. The majority accepted the latter alternative as they planned to leave the country in order to escape the high taxation.

Such investment companies were managed by a trustee. There were, as a rule, no securities to show ownership.

The dividends or other returns from these investment companies were paid to the owners living in their tax-free or near tax-free havens.

Found a Loophole

When of late some of the owners of these companies returned to Canada they found a loophole in exchange control which permitted them to defeat the whole purpose of the regulations, namely, the conservation of exchange to finance the war.

When a Canadian left the United Kingdom he was no longer a resident and, therefore, outside the jurisdiction of the Bank of England. When he landed in Canada, he could declare himself a resident and immediately come under the regulations of the Foreign Exchange Board or he could stay in the country as a non-resident for a period of six months, when he would automatically become a resident.

Under previous rulings the returning Canadian with one of these investment companies and calling himself a non-resident could deal in any type of security he pleased; secure U. S. funds and transfer them to the States, etc. There were no restrictions, at least for six months. The Foreign Exchange Control Board did not exercise authority over non-resident companies or non-residents, while the Bank of England could take no action against companies or individuals outside of the United Kingdom.

Time for Action

With the movement of evacuees from the other side, including the return of a number of wealthy Canadians, the situation assumed new importance. Steps were taken by the F. E. C. B. to plug up the loopholes.

Now Canada's Foreign Exchange Control Board and the Bank of England are working hand in hand to see that the regulations laid down for the conservation of exchange cannot be contravened in any way by legal technicalities.

Must Declare Residence

A returning Canadian on his arrival in this country must immediately declare whether he is a resident of Canada or the United Kingdom.

If he declares himself a resident of Canada then his private investment company becomes subject to the rulings of the Foreign Exchange Control Board.

If he declares himself a resident of the United Kingdom then he continues subject to the regulations of the Bank of England. If his investment company makes a payment in Canadian or any other form of exchange other than sterling, it must first be offered to the Bank of England. The proceeds cannot be brought out to Canada.

The arrangement between the Bank of England and the F.E.C.B. goes even farther where complete or majority control is held by a resident of the United Kingdom. The regulation now is, as in the case of a resident investment company, the trustee or manager of the company must secure permission from the F.E.C.B. for everything he does when trading in foreign securities.

The loopholes have been plugged. No longer is it possible to make use of these non-resident private investment companies to escape the rulings of either the Bank of England or the Foreign Exchange Control Board.

A further hold on former Channel Islanders is the regulation under which the Islands are proscribed territory. All property, etc., was taken over by the Custodian of Enemy Alien Property. Where owners can prove their bona fides, their property is returned to them. However, in such cases property or wealth must stay in the U.K.

Find Taxes Higher

From Our Own Correspondent

OTTAWA. — Returning wealthy Canadians who retired to havens where taxes were lower and the climate better, will find the taxes higher than when they want away even if Canada has become more attractive as a bomb-free home.

When income tax time rolls around next April, the old forms will be there to be filled out, with the rates higher than ever. Enquiries in Government circles disclose that no special plans are in mind for putting tax-tourists back on the nation's tax rolls.

No penalties for absence are provided in the income tax law, where a taxpayer has surrendered Canadian residence, and there is nothing by which the income tax can be made retroactive to cover absences of several years, even though income has been drawn from Canadian sources in the meantime.

Imperial Oil Ltd. Aids Tourists

Widespread invitations to visit Canada are being sent to United States motorists through arrangements made by Imperial Oil Ltd. A letter has been sent to all American oil companies with which Imperial Oil has credit card arrangements, inviting them to enclose with their credit cards a notice which is provided by Imperial. The notice reads as follows:

"This company has a credit card exchange with Imperial Oil, Ltd., in Canada. Imperial Oil, Ltd., have informed us that United States citizens contemplating a visit to Canada this year will find no difficulties awaiting them at the border points of entry. No passports are required of United States citizens crossing the border into Canada. There are no wartime restrictions and a premium exists in Canada on U. S. dollars, so that tourists visiting Canada obtain the benefit of favorable rates of exchange."

U. S. companies which have already agreed to co-operate in this scheme include:

Union Oil Co. of California
Standard Oil Co. of Texas
The California Co.
Standard Oil Co. of California
Magnolia Petroleum Co.
Socony-Vacuum Oil Co.
Standard Oil Co. (Indiana)
Phillips Petroleum Co.

Plans Rushed To Appraise Manpower

Aim to Complete Registration During Third Week of August

From Our Own Correspondent

OTTAWA.—Machinery for mobilizing Canada's manpower for national war service is being created with a speed that has astonished observers on Parliament Hill, accustomed to slower tempo of Government action. The driving force is supplied by Hon. J. G. Gardiner, new minister of national war service.

The present aim is to launch general registration of the nation's manpower resources about the middle of August, ready for drafting quotas of men for military training by Sept. 1, and for other calls that may arise for drafting labor into essential war industries.

Classes Called

The first class slated for military training includes single men from 21 to 24 years of age, about 400,000. These will be called in quotas of between 30,000 and 50,000, depending on the ability of the Department of National Defense to handle them for a 40-day training period.

But in its full scope, the mobilization plan is designed to include all adult males, up to 45 years of age, and even beyond it, in order that every man who can handle a gun in defense of Canada will be a trained reserve for any emergency.

Recognize War Industries

There will be no exemptions from military service for men with medical rating of C class or higher, but those working in war or key industries will probably be allowed to take their training in evening classes.

Decision to continue the voluntary registration of Canadian Women, in conjunction with the national registration, has been taken, following conferences between the minister and Miss Margaret Hyndman and Senator Iva Fallis. The N.R.C.W. has carried out voluntary registration of women in Ontario and all western provinces, and will undertake to establish similar registration eastward to the Atlantic. Its registration includes valuable information upon which authorities will draw in placing women in war work for which they have volunteered.

Negotiations have been carried out by which members of Parliament nominate registrars and deputy registrars for their constituencies. In addition, a deputy registrar will handle registration in each polling sub-division. These officials will be paid and the total cost will run at least to a million dollars. The intention is to complete registration in each poll within three days, if this is possible.

All Will Register

All persons, male and female, above the age of 16 years, must register. When complete, the list will be taken by the local registrar in each poll and he will extract the cards of all males between the ages of 21 and 45 years, and make copies of them. Original cards of persons will be collected by the chief registrar in each province, who will be a senior judge, and forwarded to the bureau of statistics at Ottawa. But copies of cards of all men between 21 and 45 will be retained by the chief registrar in each constituency, whose duty it will be to go through them and classify them according to whether the man can be called up immediately for military training or whether he is engaged in vital war work.

"Postponed" List

To guide the chief constituency registrar in classifying cards as "immediate" or "postponed," the Government will designate industries as either non-essential or essential for war purposes. Employers will be furnished with forms in which they may apply to the chief registrar to have employees put on the postponed list, if he wishes. A full statement of principle in putting names on immediate or postponed lists will be supplied to registrars by the Government. The cards of men between the ages of 21 and 45 will be retained in the possession of the chief registrar in each province, who will classify them in age groups, such as the 21-year-olds, the 22-year-olds, and so on.

Local Machinery

The call from the defense department for a quota of men for immediate military training will go to the chief registrar who will fill the quota from his lists of age classes. It is intended to retain the senior judge who is chosen as provincial registrar, as a permanent tribunal to handle the calling of men. Principles for placing agricultural workers on immediate lists will be based on recommendations of the agricultural supplies committee of the Department of Agriculture, and in the case of industry, on the recommendations of the new Wartime Labor Supply Council.

Payment of Wages

No intention exists, it is stated authoritatively, to lay down a ruling whether or not industry should pay employees their regular wages during the period they are away for military service. All men drafted for training will be regarded as non-permanent militia and will be paid the rate of $1.20 a day applying to non-permanent units during the time in camp or barracks.

In addition each man will get a uniform, military issues of other clothes and, of course, his food and lodgings. As the early drafts will be of single men, the question of continuing wages or salaries to look after dependents will not loom large.

For the present, all units on active service are recruited on a voluntary basis and will continue in this way as long as volunteers are available. But when and if the stage is reached where men are drafted for longer periods than the 40 days of training now prescribed generally for all adult males, such men would receive regular active service rates of pay. This would include allowances for dependents.

Clothing Available

Clothing for drafts called up for training will be available, officials state, pointing to the fact that the clothing industry has been operating on a capacity basis for several months.

Two months ago Hon. C. D. Howe informed Parliament that the weekly output of uniforms was 5,000, blankets 20,000, boots 20,000 pairs, socks 40,000 pairs and underwear 30,000 suits. Last week orders for clothing and accessories placed by the department of munitions and supply amounted to more than $2,650,000, compared with $447,000 the previous week.

A dozen contracts were for more than $100,000 and in the aggregate requirements for the plan of general military training will keep the textile industry on a day and night basis for weeks to come.

Large Clothing Orders

Top orders reported by the department went to:

J. A. Humphrey and Son Ltd., Westmoreland, N. B.	$104,706
Montreal Suspenders and Umbrellas Ltd.	188,441
Paton Manufacturing Co., Montreal	165,322
Workman Uniform Co., Montreal	249,000
Ayers Ltd., Lachute Mills, Que.	80,773
Barrymore Cloth Co., Toronto	112,320
Dominion Woollens and Worsteds Ltd., Toronto	122,969
Tip Top Tailors Ltd., Toronto	243,600
Slingsby Manufacturing Co. Ltd., Brantford	184,126
Zephyr Looms and Textiles Ltd., Guelph	577,008
Geo. Pattinson and Co., Preston, Ont.	89,748

Regulations announced by the department of national war services disclosed that stiff penalties are provided for persons who fail to register, refuse information, or give false data. They will be liable to fines, jail terms, or both. All Canadians over 16—men and women—must register and subsequently carry their registration certificate at all times.

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Sousa Schemes Heard Again

(Continued from page 1)

information available brought out in the committee.

Last February, The Financial Post first published details of who J. J. Sousa was and his schemes in Alberta. He was described as an oil promoter of Calgary and Los Angeles. An associate of Sousa's was Harold B. Reed of California, who apparently came into the picture on the recommendation of Robert Noble, former candidate for the California governorship on his own version of the "ham-and-eggs, $25 a month for everybody" platform.

Premier Aberhart was approached by this group with a threefold proposal. In the first place they would refund Alberta's $150 millions of funded debt. Under this part of the scheme Sousa's group would buy in Alberta bonds at prevailing heavy discounts, turn them in to the province and get par for them in new bonds, tax free and bearing 2% interest.

Sousa was to put up $5 millions to start an Alberta provincial bank although the Aberhart government would ostensibly apply for the charter and handle Ottawa negotiations. Premier Aberhart informed Sousa by letter that: "My government will operate the bank, or if it does not wish to do this, it will be prepared to take steps to place you or your nominees in a position to take over and operate the bank."

The bill to establish a provincial bank in Alberta is still before the Banking Committee of the House of Commons.

Canada's Gold Exports Soar

From Our Own Correspondent

MONTREAL. — Net export of gold from Canada to the United States totalled $281,182,000 in May, 1940, as against $12,066,000 in the same month last year, according to returns of the U. S. Federal Reserve Bank.

Comparative figures on shipments by months this year follow:

Net Exports of Gold to U. S.
(In thousands of dollars)

	1940	1939
January	352,716	10,842
February	46,866	4,220
March	249,836	6,852
April	34,967	7,665
May	281,182	12,066
Total	[illegible]	41,645

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BANK OF MONTREAL
ESTABLISHED 1817
MODERN, EXPERIENCED BANKING SERVICE
...the Outcome of 122 Years' Successful Operation...

Submit Plan to Aid Jobless

(Continued from page 1)

scheme and train the staff to handle it.

The Bank of Canada is to act as fiscal agent.

Under the plan as introduced in the House of Commons employees are to contribute from 12 to 36 cents a week. Those under 16 or earning less than 90 cents a day will have their weekly contribution of 9 cents a week paid by their employers.

To these contributions, estimated at about $28 millions, employers will add an equal amount and the Government $11.2 millions. The total will build up an insurance fund to pay weekly benefits to those unemployed. In addition, cost of administering the scheme, estimated at $5.2 millions, will be borne by the Dominion Government.

Range of Benefits

Benefits for single persons will range from $4.08 to $12.24 according to the amount paid in. For married persons with one dependent, benefits range from $4.80 to $14.40.

The plan will cover every Canadian earning less than $2,000 a year with the exception of those employed on farms, in fishing, forests or lumbering, hunting or trapping, and other seasonal occupations; sailors, soldiers, airmen, stevedores, domestics, nurses, teachers, policemen, civil or civic servants, agents paid by commission or fees.

To qualify for benefits a worker must have paid 30 weekly contributions or 180 days if the weeks are split.

A number of actuaries and employers interviewed by The Financial Post declined to make any comment on the plan.

One actuary, however, stated that it should not be hurried through Parliament, but given full study from all angles as it committed the country to considerable expense, and once adopted must be regarded as permanent.

Pay Envelope Not All It Seems

An example of how the unemployment insurance contribution will affect a man earning slightly under the maximum of $2,000 yearly is shown below. The individual in question is married with no children. He contributes to a mutual benefit society weekly, is voluntarily buying war savings certificates at the rate of $1 a week, and contributes to group insurance carried by his employers.

Effect on Worker

	$	$
Weekly pay		38.00
Deductions:		
Mutual Benefit Society	0.19	
2% Nat. Defense Tax	0.76	
Inc. Tax provision	0.64	
War Savings Deduction	1.00	
Group Insurance	0.20	
Unemp. Insurance	0.36	
Total deductions		3.15
Net pay		34.85

Ontario Chemical Plant To Cost $11 Millions

From Our Own Correspondent

OTTAWA.—A new factory for the manufacture of chemicals needed in Britain's war programme, to cost $11 millions, will be constructed "somewhere in Ontario," the Department of Munitions and Supply announced this week. Construction work will start at once.

One of the biggest units in the explosive manufacturing programme being developed by the department, the new plant will produce ammonia, ammonium nitrate and other chemicals. The factory is being built for British account under the Department of Munitions, which will supervise construction operations and co-ordinate them with the general Canadian explosives programme.

British Lending Plan On Voluntary Basis

Further information in connection with the British Government's plan to borrow funds of British Bank depositors at 1⅛%, reported in The Financial Post last week, show this arrangement to be definitely on a voluntary basis. There is no compulsion about it as stated in earlier reports.

Under the plan the British Government will accept deposits from the clearing banks and the Scottish banks in units of £500,000, fixed for six months and bearing interest currently set at 1⅛% per annum. For these funds, deposit certificates will be issued which may be discounted at the current bank rate. The plan is stated to be similar to one used in the last war.

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Incorporated 1855

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..IT WILL BE DONE AGAIN

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WE OF DOFASCO ARE DOING OUR UTMOST TO MAKE MORE STEEL WHICH CANADA AND THE EMPIRE NEED.

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Investment Trends

Extended Stalemate Seen Basis for Strength

Liquidating Movement Apparently Ended But Aggressive Purchasing is not Recommended — Dow Theory Has Its Supporters,

Hesitation while awaiting decisive news from the war front and the political situation in the United States have been the apparent reasons for continuation of the stagnation in stock markets. New records for low volume of business have been established while price changes have been negligible.

Opinion seems to be that basic conditions are more favorable for higher prices than lower. Continuation of the period of inactivity and practically no price changes for some weeks now support this belief. It is generally accepted that such conditions indicate end of the liquidating movement with the probability favoring some improvement as the next move.

This does not mean that a bull market is likely to start. What would be more probable is a further recovery to test any strength in the market. It is too much to expect that any recovery in stock prices would go very far in Canada in view of the great uncertainty as to the outcome of the next major move in the war. News from this source will remain the dominating factor.

Moreover, it is reasonable to expect that a test of the strength of the support to be found at the June lows will be seen before a major upturn is experienced. Safest guess seems to be that quiet and indecisive markets will continue for a period yet. Keeping some purchasing power in reserve seems to be the best course for investors.

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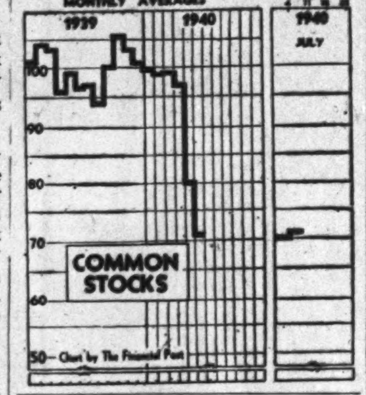
Upholds Dow Theory

A reference in this column last week to Herbert S. Lyttle's attack on the Dow theory brings a reply from a reader of The Post. He says in part:

"This writer has read a good many attacks on this classic theory in the past ten years and one in particular by Mr. Lyttle some time ago. In every case it is only too apparent that these 'market experts' totally fail to understand the precepts on which Charles Dow based his theory.

"Mr. Lyttle's criticism seems to be based on the action of 666 common stocks (New York Stock Exchange) during the past two years. The orthodox Dow Theorist bases his studies and trends on the action of the Dow-Jones 30 industrials and 20 rails but the stocks in which he trades are not necessarily confined to these 50 stocks but to those which show 'better than average action' over a period of time. Even if the speculator had traded the Dow-Jones averages on the primary signals since the spring of 1938, he would not have lost any money (if you include dividends).

"If he had recognized the orthodox buying and selling spots, which is what the experienced Dow Theory trader attempts to do, he would have been ahead of the game, especially if he had traded in the better acting groups. Admittedly the Dow Theory trader has had pretty thin pickings the last two years, but surely one can't blame the theory for the action of the market."



Publication of either support or criticism of any specific theory of stock market operation usually brings out strong opinions for and against the remarks. The Annalist also publishes this week letters taking exception to Mr. Lyttle's stand on the Dow theory.

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Brokerage Analyzed

It is no secret that the stock brokerage business is far less prosperous than it used to be. What is less clear is some really effective means to recover a measure of prosperity for this business, on which the livelihood of thousands of people depends.

Actual studies of the cost of carrying on a stock brokerage business, and experimentation with various methods of efficient operations, have been limited. One firm in New York, which is doing considerable along this line, is the large New York Stock Exchange firm of Merrill Lynch, E. A. Pierce and Cassett.

This firm is undertaking elaborate studies to determine average cost, and what kind of standard should be set for its branch offices. They have determined that there are about 20 steps involved in the completion of every order, of which about seven are unproductive. When the various facts are available, then the number of completed transactions is compared with both income produced and cost entailed.

Facts on relation of securities volume to costs are being developed and before long office managers for this firm should have a better knowledge of how they should come out.

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Partners Put to Work

Other changes instituted by this firm, which was formed early this year, have been to put partners to work as department heads, with only people working in their own departments responsible to them. As 85% of the firm's business comes in by telephone, it has eliminated the former luxurious offices. They have increased the amount of factual material made available to customers, but give opinions only on request and then only after a partner has given his approval.

In handling its customers' men, fixed salaries have been adopted instead of compensation fluctuating with the amount of earnings the customers' men produce for the firm. Clients themselves have been studied and classified according to investment objectives and other factors. Then these clients are assigned to the customers' men best able to help them, rather than left with the men who originated the business.

Investment Notes

Wheat Storage—Hints that storage on the farm will be necessary for a large proportion of Canada's 1940 wheat crop promises an important amount of business for suppliers of lumber, galvanized steel sheets and other materials used in building temporary granaries. B. C. lumber producers should get the major part of the lumber trade. Such companies as Western Steel Products, General Steel Wares, Eastern Steel Products and Building Products would probably supply a large part of the other materials needed.

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Woods Manufacturing—Last week the Department of Munitions and Supply placed a contract with this company for clothing and supplies with a value of $79,375. This is one of several orders placed with the company.

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Canada Cycle & Motor—Operations of this subsidiary of Russell Industries Ltd. have been running slightly ahead of last year. Increased domestic business is more than making up for the lost European business. This is in addition to war contracts placed with the company.

SEC report of security transactions for May contains the following of Canadian interest:

Robert Gair Co.—E. O. Sommer, officer, holds 4,618 common shares, and increased $3 preferred by 300 shares to 1,007.

Granby Consolidated Mining — J. B. Beaty, officer and director, increased holdings 500 shares to 3,000.

Howe Sound—E. Richter, officer and director, increased 200 shares to 201. E. B. Schley, director, decreased 200 to 22,388.

Hudson Bay Mining—F. L. Crocker, director, increased 700 shares to 17,000.

International Paper & Power—Bessemer Investment Co. decreased common share holdings 8,400 to 141,130, holds 28,115 5% cumulative preferred, decreased common warrants 5,600 to 140,131. M. G. Chase, director, increased common 200 shares to 11,000, increased 5% cumulative preferred 100 shares to 1,700, and increased common warrants 1,000 to 10,000. Chase National Bank, N.Y., holds 150,614 common, 2,764 5% preferred and decreased common warrants 2,000 to 228,775. Ogden Phipps, director, holds no shares directly; through holding company decreased common shares 8,400 to 141,130, holds 28,115 5% cumulative preferred and decreased common warrants 5,600 to 140,131; also holds 700 5% cumulative preferred in trust. C. D. Young, officer, decreased common 100 shares to 500 and holds 1,000 common warrants. J. W. Hanes, director, held no shares in May, 1940.

McIntyre-Porcupine—J. P. Bickell, officer and director, increased holdings 4,300 shares to 35,500.

Paramount Pictures—D. G. Harris, director, increased common 800 to 1,000 and holds 200 second preferred.

Remington Rand—G. K. Morrow, director, holds no shares directly; through Morrow & Co. holds 532 common, 31 common warrants and decreased cumulative preferred with warrants 128,400 shares to 5.

Twin City Rapid—D. J. Strouse, officer and director, increased 200 to 610.

Hiram Walker-G. & W.—H. R. Walton, officer and director, increased common 300 shares to 600 and holds 100 cumulative preferred.

Canadian Colonial Airways—E. P. Odenwalder, officer and director, held no shares in June, 1939. H. R. Powell, director, held no shares in April, 1940.

Refrigerator Sales Reported Up 36%

From Our Own Correspondent

MONTREAL.—Sale of electric refrigerators in Canada during May totalled 10,912 units, against 8,001 units for the same month last year, according to returns of 14 companies to the National Electrical Manufacturers Association. This is a gain of 36%.

Cumulative sales for the first five months of 1940 amounted to 33,148 units. This contrasts with 27,735 units for the same period a year ago, reflecting a rise of nearly 20%.

Border Traffic Decline Large

Effect on Revenues of International Bridges May Prove Serious

Evidence is piling up that Foreign Exchange Control Board restrictions in Canada and the passport regulation of the United States, have substantially curtailed the once unrestricted crossings by both Americans and Canadians across the unfortified border between the two countries.

Entirely aside from the need for U. S. exchange in this country, investors and taxpayers have a stake in this cross-border traffic. Particularly in Ontario, Government and public funds have been used extensively to build toll bridges and tunnels and approaches connecting the two countries. At Sarnia, Windsor, the Niagara district and along the St. Lawrence, bridges or tunnels have been built depending on international traffic, and particularly automobile traffic, to pay their way.

Investor Interested

Both the Detroit International Bridge and the Detroit & Canada Tunnel companies have been reorganized following bankruptcy. With generally improving conditions prevailing prior to the war and the greatly reduced capital invested, hope was held that these companies would now be able to carry on profitably.

Public money was also used to aid in construction of the bridges constructed in 1938 at Sarnia and Ivy Lea, Ont., approaches to which were built by the provincial and Dominion Governments. Early operations of these two bridges gave hopes that they would pay their way.

The July 4 holiday in the United States gave the first good opportunity to get a test of the effect of the new border restrictions. Reports from Windsor, Niagara and Sarnia indicate that traffic across the border was greatly reduced from previous years.

Figures Show Decline

Traffic across the Ambassador Bridge, operated by the Detroit International Bridge Co., on July 1 is reported to have shown a decrease of 62% from the same day last year. On July 4, this bridge handled 2,500 cars compared with 11,000 on this U.S. holiday in 1939. The tunnel reports automobile traffic, both ways, at 2,821 this year against 7,361 last year. Bus passengers using the Detroit Tunnel on July 4 totalled 2,267 against 7,361 a year ago.

At Sarnia there was a decrease of approximately 27,000 in passengers crossing the Blue Water Bridge on July 4 compared with a year ago. This includes both those crossing in automobiles and in the buses. The bus schedule across this bridge has been drastically cut.

At Niagara July 4 traffic was also lighter than in previous years, though extent of the decline was less than at other border points. At the Whirlpool Rapids bridge 3,221 cars crossed this year compared with 6,670 on the same date a year ago. At Fort Erie, the Peace Bridge experienced a decline of about 15% in traffic on July 4. About 18,000 cars were handled.

Situation Aggravated

The decline in traffic arising from the passport restrictions on Canadians and the perhaps natural uncertainty of Americans about getting back from Canada on return trips has been aggravated by distorted and alarming reports of the situation in both the Canadian and the U.S. press.

In newspapers on this side of the border, traffic was discouraged by reports stressing the jam in issuing Canadians passports and magnifying isolated cases of Americans who were held up returning home by lack of adequate identification or uncertainty as to their citizenship status. U.S. papers have played up the passport situation and in some cases exaggerated the check on Americans returning home.

Protest Made

At some points along the border alarmist reports have aroused protest from groups interested in tourism. For example, a spokesman for the Michigan Automobile Club last week firmly objected to glaring headlines in Detroit and other Michigan newspapers warning U.S. citizens to stay out of Canada. Such headlines, he declared, were entirely unnecessary and unjustified and had done an injustice to travel interests on both side of the border.

Test trips back and forth across the border by representatives of the club, he said, revealed no difficulty whatever in getting back into the U.S. and they were not detained or inconvenienced in any way. Though they did not disclose their official connections to border officers and carried no documentary identification, they were treated with respect and courtesy, they reported. Members of the Michigan organization reported they crossed and re-crossed the border with "surprising ease."

Bona fide U.S. citizens should not hesitate to promote travel to Canada, the club spokesman said.

H. B. C. Gives Contract To Pack Frosted Foods

Hudson's Bay Co. has awarded a contract to Deerfield Packing Co., Montreal, to pack Birds Eye Frosted foods, fruits and vegetables. H.B.C. is the distributor of these foods to the retail and institutional trade.

Methods used in packing and quick-freezing foods will be new to Canada, although they have been used in the United States since they were introduced during the depression years. Over 20 million packages of Birds Eye peas were sold in the country last year.

The Deerfield Co. is now installing machinery. Ten lines of vegetables and four varieties of fruits are to be packed, with others to be added later. H.B.C. also plans to distribute fish steaks and fillets and shell fish under the Birds Eye label.

Gets Bridge Contract

From Our Own Correspondent

MONTREAL. — Dominion Bridge Co. has been awarded a contract for the new bridge over the Richelieu River at St. Hilaire, Que. The contract, which is worth $274,000, covers the steel super-structure, swing band, machinery, electric light system and guard rails. The bridge is being built by the Quebec Dept. of Public Works.

Market Opinions

Caution seems to be still indicated by market commentators while waiting for clarification of war and political uncertainties.

Magazine of Wall Street, New York. — Cautious and technically strengthened, the market is capable of responding more dynamically to good news than to bad. But news, good or bad, remains the key. We favor sitting tight, deferring new purchases.

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The Annalist, N.Y.—Lower earning power resulting from an industrial contraction is obviously unfavorable, but it may be questioned whether a general business reaction at this time would prove really severe.

Probably more important from a financial market standpoint is the fact that stock prices are now well below the levels of the past year and are not much above the 1938 low point. This, of course, discounts a very low level of business activity, so it may well be doubted whether a moderate business decline would of itself have much influence on stocks.

The market's extreme inactivity is probably due in a substantial measure to uncertainty over the future course of events in Europe.

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Brookmire Counselor, New York. On the one hand, the investor must recognize that (1) reports of severe destruction by Nazi attacks on England would naturally tend to unsettle our market, (2) a nearby peace would bring some industrial readjustment, though such an adjustment already seems to be largely discounted at low levels of stock prices. On the other hand, the progress of domestic recovery, plus the probability that a peace readjustment would be short-lived, gives investors sound reason for view the long-term outlook with a constructive attitude, and for maintaining well-balanced stock portfolios intact.

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Barron's, New York (The Trader)—History of the stock market shows that abnormal dullness is usually followed by an advance in prices, since protracted contraction in trading is the surest clue to the exhaustion of liquidation. In the current instance, the nominal total of brokerage borrowing, the lowest ratio of borrowing to aggregate market value on record, and the influx of idle investment funds all confirm the impression of the cessation of liquidation reflected in the listless market of the past two weeks. In no case in recent years has the aftermath of intense market dullness been a disturbing decline.

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Barron's, New York (The Dow Theorist)—The Dow theorist must wait for further clues as to the most likely future trend of the stock market. For the time being, on a tenet that a trend once determined is assumed to be in force until a trend in the opposite direction is established, the major trend under the Dow theory is downward. Neither the intermediate nor the minor trend is clear.

New Stock Issue Financing Lower in First Six Months

New financing by stock issues in Canada was sharply lower in the first six months of 1940 as compared with the same period of 1939, according to estimates of The Financial Post. Figure of $3.3 millions compares with slightly over $13 millions for the first six months of 1939 and almost $2.2 millions for the final half of last year.

One issue of Gatineau Power Co. for $3.5 millions made during the first six months of 1939 was larger than the combined total for the comparable period of this year. Largest issue in 1940 was of Granby Elastic Web, which sold 10,000 preferred shares at $50 per share for total of $500,000. Next biggest issue was 31,105 common shares of Ottawa Car, sold at $13.25 per share for total proceeds of $349,931.

Largest mining issue was the sale by Malartic Goldfields of 250,000 shares at $1 for total of $250,000. Biggest oil issue was of Home Oil, which sold 143,894 common shares at $2.52 for total proceeds of $362,638.

Sharpest drop was in industrial financing, which totalled $1.8 million in the first six months of this year compared with almost $10.2 millions in the same period of 1939. Mining and oil financing dropped from $2.9 millions to $1.5 million.

Recapitulation of mines and oils and industrial financing in each of the three six-months periods under review follows:

Summary of Stock Financing

	$
1st 6 Mos. 1940	
Mines and oils	1,486,523
Industrials	1,813,181
	3,299,704
Final 6 Mos. 1939	
Mines and oils	1,397,923
Industrials	760,838
	2,158,761
1st 6 mos. 1939	
Mines and oils	2,881,280
Industrials	10,154,488
	13,035,768

Tabulation of stock sold in Canada under option, by underwriting or cash, during the first six months of 1940, follows:

Stock Financing in Canada 1st 6 Mos. 1940

	Shs. No.	Price $	Gross Proceeds $
Mines & Oils:			
Franco Oils, c.	450,000	....	†325,375
Anglo-C. Oil, c.	50,000	1.00	50,000
Arntfield Gold, c.	602,000	0.10	60,200
Bidgood Kirk., c.	100,000	0.15	15,000
Do., com.	100,000	0.20	20,000
Broulan Porc. c.	100,000	0.60	60,000
Cochenour Will., c	69,950	0.50	34,975
Do., com.	29,167	0.60	17,500
Gold Belt Min., c.	15,000	0.30	4,500
Home Oil c.	143,894	2.52	362,638
Homestead Oil, c.	385,650	0.10	38,565
Jellicoe Mines, c.	100,000	0.10	10,000
MacLeod C., c.	11,000	1.00	11,000
Malartic Gold, c.	250,000	1.00	250,000
Morris Kirk, c.	200,000	0.05	10,000
Do., com.	50,000	0.05½	2,750
Do., com.	50,000	0.06	3,000
Do., com.	50,000	0.06½	2,750
Partanen Mal., c.	100,000	0.05	5,000
Do., com.	63,400	0.07½	4,755
Senator Rouyn, c.	200,000	0.30	60,000
Slave Lake G., c.	15,000	0.06	9,000
Steep Rock Iron, c	50,000	2.00	100,000
Straw L. Beach, c.	20,000	0.06	12,000
Do., com.	193,666	0.05	9,683
Vermilata Oils, c.	96,650	0.05	4,832
Total			1,486,523
Industrials:			
Candn. Col. Air., c	50,000	5.00	250,000
Cub Aircraft, c.	5,000	3.00	15,000
Do. com.	25,000	2.13	53,250
Distillers Seag., c.	10,000	22.00	220,000
Famous Players, c	5,000	15.00	75,000
Granby Elastic, p.	10,000	50.00	500,000
Eastern Util., p.	27,500	10.00	275,000
Ottawa Car, c.	31,105	13.25	349,931
Sutton-Horsley, c.	60,000	1.25	75,000
Total			1,813,181
Total all stock financing			3,299,704

†All options not taken up; actual proceeds less than shown.

Asbestos Output Shows Increase

From Our Own Correspondent

MONTREAL.—Asbestos production in Canada for the first quarter of 1940 amounted to 72,898 tons. This compares with 62,684 and 51,303 tons in the first three months of 1939 and 1938, respectively.

During March the industry reported an output of 24,921 tons, an increase of more than 2,000 tons over the same month last year.

Capital Imports 5 Months Reach $18.5 Millions

Volume of transactions increased but there was a smaller net import of capital in Canada's international trade in securities for May this year. Total sales of $18.3 millions and purchases of $16 millions were both larger than in any month since last September. Net sales of $2.3 millions, representing import of capital, was smaller than in any month since Sept., 1939, when there was a net export of capital amounting to $5 millions.

The United States again supplied the major part of the new capital coming into this country, as well as most of the total volume of transactions.

Evidence that efforts to encourage voluntary repatriation of Canadian securities held in the United Kingdom met with small success is seen in the fact that there was a net balance of repurchases from this source of only $500,000 in May.

In the first five months of 1940 sales totalled $78.1 millions and purchases $59.6 millions. How this compares with previous year is shown by the following:

Trade with All Countries
5 Months to May

	Sales to $	Purchases from $	Net Sales $
1940	78,136,079	59,634,139	18,501,940
1939	170,722,557	109,827,569	60,894,988
1939	132,985,023	126,007,127	6,977,896

The United States has supplied practically all of the capital imports to Canada for the first five months of 1940. From this country we got $18.4 millions. On the other hand, there was a net export of capital to the United Kingdom of $700,000 and a net import from other countries of $900,000.

Carling-Kuntz Breweries Now Carling Breweries

Carling-Kuntz Breweries Limited has changed its name to the Carling Breweries, Limited. Carling-Kuntz Breweries operates a brewery at Waterloo, Ontario, and a bottling plant at Montreal.

It was formed in 1936 as a consolidation of Carling Breweries Limited and Kuntz Brewery Limited as one stage in the programme carried out by Canadian Breweries Ltd. in consolidating its various interests in the industry.

Significant Investors' Index Numbers

1926 = 100

No. of Securities	Mach. and equip. 8	Pulp and paper 7	Milling 3	Oils 4	Textiles and clothing 10	Food and allied prod. 12	Beverages 7	Bldg., mater. 15	Power and traction 15	Banks 8	Total utilities 19	Total co's. 95
1929-39:*												
High	432.5	113.4	273.4	423.5	113.5	197.8	204.6	281.1	197.6	131.7	166.0	198.3
Low	39.2	3.0	37.7	87.7	30.8	78.8	33.8	44.3	47.1	63.1	36.9	43.3
1940: Monthly Figures:												
Jan.	134.3	24.5	98.8	155.8	86.4	183.0	135.4	150.7	61.3	84.5	45.7	99.7
Feb.	129.3	23.4	98.4	158.2	90.7	784.3	134.0	146.8	60.3	84.3	45.3	99.0
Mar.	134.1	22.9	96.5	155.4	91.4	185.7	135.4	146.5	61.1	85.1	47.1	99.1
Apr.	132.5	24.6	95.9	147.6	91.6	184.7	137.9	146.4	61.9	83.8	47.1	97.0
May	102.6	16.3	77.6	124.7	80.5	165.0	117.9	115.8	52.0	79.7	39.4	80.4
Weekly Figures:												
June 6	92.5	13.4	69.8	107.0	70.3	143.7	108.9	104.0	49.1	76.5	36.8	72.3
June 13	95.9	13.5	67.2	104.6	70.6	142.4	106.3	104.0	48.0	76.4	36.2	72.6
June 20	94.2	12.9	62.8	101.6	70.0	145.6	106.4	104.0	46.3	73.2	35.4	72.6
June 27	89.6	12.7	61.1	92.6	70.4	144.7	105.2	100.9	45.3	72.5	34.9	70.3
July 4	85.7	12.7	61.1	94.6	70.9	145.6	107.0	99.1	46.8	70.0	35.1	70.2
July 11	86.9	13.1	66.2	99.4	72.4	144.5	107.6	99.3	46.4	69.2	34.5	70.6

*High and low for year from 1929 to 1939 inclusive are based on weekly figures compiled from figures issued by Dominion Bureau of Statistics.

Toronto Stock Exchange Index

	20 Indus.	20 Golds	10 B.M.	15 W.O.
July 16	89.33	80.46	58.01	19.90
July 15	88.24	79.64	57.50	19.65
July 13	88.43	79.95	57.76	19.55
July 12	88.20	79.83	57.68	19.62
July 11	88.15	80.17	57.44	19.67
July 10	88.02	78.99	57.13	19.76
Month ago	88.81	77.44	59.04	18.75
Year ago	114.01	122.16	89.50	28.96
High 1940	126.84	123.80	88.97	33.31
Low 1940	86.00	77.34	54.81	18.44

Montreal Stock Exchange Average

	10 Util.	20 Ind.	30 Chd.	10 Pprs.	15 Golds
July 16	52.0	58.0	56.0	74.20	59.62
July 15	51.8	57.4	55.5	71.57	56.26
July 13	52.0	57.4	55.6	70.89	56.18
July 12	51.8	57.4	55.5	70.56	58.25
July 11	51.8	57.3	55.4	71.72	57.53
July 10	51.8	57.0	55.2	72.08	57.19
Month ago	52.2	58.4	56.3	73.05	55.10
Year ago	65.6	73.4	70.1	73.34	112.30
High 1940	69.3	92.2	84.4	132.63	100.81
Low 1940	50.1	56.0	54.7	66.44	56.16

Quebec Power Profits Rise

Covers Dividend For Past Half Year After New Taxes Provided

From Our Own Correspondent

MONTREAL.—Quebec Power Co. consolidated interim statement for the three months and half year ended June 30, 1940, shows an increase in both gross and net earnings after taxes. The dividend was covered in full for the period.

For the past quarter the company had a gross income of $1,144,249, up from $1,057,473 a year ago. After allowing for senior charges and making provision for the sharp increase in taxes recently announced by Ottawa, there was a surplus available for dividends of $120,819. Comparative figures for the same period last year are not available, as in 1939 the company reported net earnings before depreciation and income taxes.

Gain in Net Profit

The figures for the half year show that Quebec Power Co. had a net available for dividends of $325,952. This was after making full provision for excess profits and higher income taxes for the period and compares with $316,874 after all charges in the like period of 1939.

Comparative earnings figures follow:

3 Months Ended June 30

	1940 $	1939 $
Gross revenue	1,144,249	1,057,473
Less: Oper. taxes & other expenses	705,045	691,635
Net revenue	439,204	365,838
Fixed charges	125,476	126,745
Depreciation	79,495	......
Res. for inc. tax	*113,414	......
Surplus	120,819	†238,093

†Before depreciation and income tax provision. *Includes excess profits tax for first quarter.

6 Months Ended June 30

	1940 $	1939 $
Gross revenue	2,311,615	2,163,137
Less: Oper. taxes & other expenses	1,397,158	1,357,903
Net revenue	914,457	805,234
Fixed charges	251,134	253,490
Depreciation	157,635	157,132
Res. for inc. tax	179,736	77,738
Surplus	325,952	316,874

Dominion Stores Results Better

Improvement Reported for Six Months — Not Affected by New Taxes

Improvement in operations was shown by Dominion Stores Ltd. for the first six months of the current year as compared with the same period in 1939. Net loss of $125,207 was reported last year, with sales of $19.9 millions up 5.84% from the previous year.

It is too early to say whether the company will be in the clear this year, but operating costs have been sharply reduced and the new "super" markets are said to be exceeding expectations. Some stores were closed when leases expired April 1, but others are being opened so the net change has not been great.

The policy of more efficient supervision adopted in the latter half of 1939 is being further developed this year. Operations have been divided into six districts under jurisdiction of district managers, who buy and sell according to requirements of their territories.

An improved method of control of inventories has also been developed. A stricter buying policy is preventing the purchase of slow-moving goods.

New Taxes Not Applicable

The new excess profits tax will not affect Dominion Stores until a net profit is shown. The company shows average deficit earnings for the four base years 1936-39 of $70,916, so when a net profit is shown, it is almost certain special consideration will be given under the provision for depressed industries. Taxes on this basis are limited to 10% of capital and to a minimum of 5%.

Agnew-Surpass Shoe Pays Bonus on Stock

From Our Own Correspondent

MONTREAL. — Agnew-Surpass Shoe Stores Ltd. has declared the regular 40c. half-yearly dividend plus a bonus of 20 cents on the common stock, both payable Sept. 2 to shareholders of record Aug. 15. The current declarations are for the year ended May 31 and bring total payments for the period up to $1, which compares with 80 cents a share for the preceding year.

The half-yearly dividend on the common stock was increased from 30 to 40 cents a share with the payment made March 1, 1940.

Canadian Vickers Meeting Postponed

From Our Own Correspondent

MONTREAL.—Canadian Vickers Ltd. bondholders meeting has been adjourned to Aug. 2 from July 12 because of the lack of quorum.

Resolutions are proposed to permit mainly the placing of company's management in funds to finance the purchase and installation of equipment necessary to maximum productive efforts and to ensure availability to the company of additional working capital for such production.

CUB OPTION DEFAULTS

The installment payable June 15, 1940, under the option agreement which Sheldrake Securities Corp. held with Cub Aircraft Corp. has not been taken up. It called for payment of $3 a share on 25,000 common shares. The agreement also provides that the option must be given 30 days notice of cancellation and this notice has not yet been given. Outstanding capital of Cub Aircraft now consists of 128,511 common shares.

Ottawa Electric Official Resigns

From Our Own Correspondent

MONTREAL.—J. M. Ahearn has tended his resignation as manager of the Ottawa Electric Railway Co. because of ill health.

NOTICE

Is there a place in your organization for a man with a college degree, scientific training, knowledge of languages and over ten years experience on the staffs of several internationally famous concerns?

He is 37 years old, protestant, of Scotch and English descent, and by reason of his wide general knowledge and experience can adapt himself to a large variety of responsibilities.

He wishes to connect with an old established firm with a long record of sustained good management and profitable operation, and after a trial period to establish his earning capacity and ability to co-operate with the other principals would invest up to $30,000 of his available funds.

May he have the privilege of a personal interview so that he may tell you more about his qualifications and discuss the possibility of his being useful to you?

He suggests you communicate with him direct or through your solicitors.

Box 42, The Financial Post, Toronto.

Ford of Canada

Campbell States Control Not Held by Any Individual, Family or Company

In the House of Commons at Ottawa, M. J. Coldwell recently asked a number of questions as to corporate setup of Ford Motor Co. of Canada. The reply given by Secretary of State Casgrain did not reveal any information that was not public knowledge.

Ford Motor Co. of Canada was incorporated under Dominion laws in 1911. It has outstanding 1,588,960 class A shares and 70,000 class B shares. The class A shares are non-voting while the class B shares carry one vote per share. In all other respects the two classes of stock are alike.

1929 Stock Split

The present capitalization originated in 1929 when the former 100,000 shares of $100 par were split into 2,000,000 no par shares, of which 100,000 shares are class B voting shares and the balance of authorized capital consisting of 1,900,000 shares are designated class A. No class B shares have ever been sold publicly, the outstanding amount resulting entirely from conversion at the time of the 1929 capital change.

No Single Control

Regarding the company's shares, W. R. Campbell, president, informs The Financial Post as follows: "Its shares are held by Canadians, Englishmen, Americans and people in several other countries. The company's shareholders include a large proportion of Canadians. No one individual, family or company has a majority control of our shares."

The Canadian company has never published further details than this of its stock ownership.

Mr. Coldwell was also curious as to the directors of Ford of Canada. The company has only five directors. They are: Edsel B. Ford, chairman, Gross Point Island, Mich.; Henry Ford, Dearborn, Mich.; P. E. Martin, Detroit; Wallace R. Campbell, president and treasurer, Windsor; George E. Dickert, 1st vice-president, Windsor, Ont.

Small Capital at Start

The Canadian Ford Company was originally incorporated under Ontario laws in 1904. Upon organization, $63,750 in stock, out of a total issue of $125,000 was given to the Ford Motor Co. of Detroit in consideration of which the Detroit company agreed, under perpetual contract, to extend to the Canadian company the privilege of using all the devices and improvements on the American company's car, without further cost. In 1911, the company was reincorporated under Dominion charter.

In 1911 a stock bonus of five shares for each share held was given and in 1912 an additional bonus of one share for each share held. This brought the authorized and outstanding capital to $1 million.

In 1916 the authorized capital was increased to $10 millions and a stock bonus of 600% declared, six new shares being given for each share held. This left outstanding capital at $7 millions.

100,000 Shares Sold

Then in March, 1929, came the 20-for-one split already referred to. Each holder of one share of old $100 par stock got 19 shares of new class A non-voting stock and 1 share of class B voting stock. This required 1,330,000 class A shares and 70,000 class B shares. Then shareholders of record March 23, 1939, were given the right to purchase two shares of new stock for $20 a share for each share of old stock held. An additional 100,000 shares of class A stock was offered in Canada at $30 a share on April 2, 1929, by Canadian General Securities, Ltd., Toronto. Thus the outstanding class A shares are made up as follows:

Issue of Class A Stock

	Shares
By conversion	1,330,000
Sold to shareholders of record March 23, 1929, at $20 a share	138,970
Sold to public at $30 a share	119,990
Total outstanding	1,588,960

Dumbarton Plant Remains Closed

Walkers Gets Permission to Reopen But No Grain —U. S. Business Gains

The Dumbarton, Scotland, plant of Hiram Walker-Gooderham & Worts remains closed, The Financial Post is told. This plant, which operated continuously throughout the year ended Aug. 31, 1939, was closed in October of last year.

The company has been given permission to reopen this distillery but have not been allowed any grain for its use. It is lack of grain, which is being diverted to other uses, that limits the operations of Scotch whisky distilleries.

Gains In U. S.

The company has just reported a substantial increase in earnings for the three months ended May 31 as reported elsewhere in The Financial Post. This gain has been due to better business volume in the United States. In Canada, a slight decline was experienced.

The United States Federal tax on liquors was increased on July 1 this year, making necessary adjustments of selling prices. Although company officials point out that hardly sufficient time has elapsed to give an accurate test of the effect of this price rise, they suggest that it will actually make little difference.

Mechanical Engineers Wanted

British Inspection Department

has vacancies for mechanical engineers. Qualifications (a) Age between 30 and 40 years, (b) A good engineering degree equivalent to A.M.I. Mech. E (Eng.) (c) Continuous employment for some years as a practical general mechanical engineer with executive experience in a general machine shop.

Salary $3,300 per annum. The applicant must be prepared to serve in either Canada or United States of America, for duration of war, subject to one month's probation and satisfactory service thereafter.

Reply to Deputy Inspector General, Supervisory, The British Supply Board, 385 Wellington Street, Ottawa, giving age, educational qualifications, full details of positions since graduation.

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Bond Markets

Heavy Fall Maturities Concern Investors

Saskatchewan, Manitoba and New Brunswick Must Meet Long-term Maturities — Fundamental Problem Still Remains

Heavy maturities to be met in the fall by Saskatchewan, Manitoba and New Brunswick are giving concern to investors. These issues represent somewhat of a different problem from the short-term $4.5 millions Saskatchewan and $3 millions Manitoba maturities which have been or will be met this summer. The fall maturities in the case of the two prairie provinces are long-term issues.

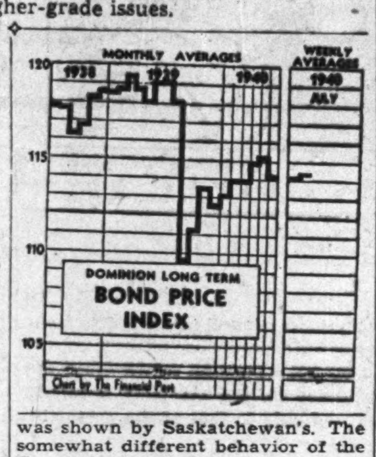
The summer maturities were almost entirely held by institutions and were refunded without requiring any outlay of new money. But the issues falling due in October and November are more widely held and likely will require some new financing for provinces the financial positions of which are not of the best.

Trading has dropped to the usual summer levels, but prices are firm. Corporation bonds continue strong, with gains ranging as high as three points for some of the higher-grade issues.

* * *

Weak "Westerns"

Bond prices of the four western provinces have shown a marked drop since first of the year, in line with the general sentiment of the bond market. The decline has been more pronounced than in the case of higher-grade issues.



In a comparison of 20 issues, only one, the 4½% issue of Saskatchewan, due in 1951, has shown appreciation since January 2, while the 4% Saskatchewan bonds due in 1960 are unchanged. Smallest loss was 4% Manitoba bonds due in 1957, which declined two points, while biggest drop was 12 points for the 4% Alberta issue due in 1954.

Alberta issues, generally, were the weakest, while greatest strength was shown by Saskatchewan's. The somewhat different behavior of the Saskatchewan issues, as compared with the other provinces, is probably due to two influences.

First, trading has been so light that quotations may not represent real market sentiment. Secondly, what trading there has been recently reacted favorably to the ability of the province to meet the heavy July 1 maturity, and demand appears to be for the lower coupon bonds.

The table following gives comparative prices for the four provinces:

	Bid Prices July 16	May 2	Jan. 2
Manitoba			
4% due 1957	85	91½	87
4½% due 1956 ...	87	94	91
5% due 1959	91	99	97
5½% due 1955 ...	91	101	98
6% due 1947	97	101½	101
Saskatchewan			
4% due 1960	69	72	69
4½% due 1951 ...	83	84½	79
5% due 1958	74	78	80½
5½% due 1952 ...	79	82	84½
6% due 1952	82	85½	88
Alberta			
4% due 1954	51½	62	63⅛
4½% due 1951 ...	60	71	68
5% due 1959	55½	66	66
5½% due 1952 ...	61	67½	67½
6% due 1947	63	70	71
British Columbia			
4% due 1957	91	99½	99½
4½% due 1951 ...	94	103	102¼
5% due 1954	99	107	104½
5½% due 1945 ...	99	105⅛	104½
6% due 1947	101	108⅛	106

* * *

Canada Not Alone

A New York financial paper, the Journal of Commerce, believes present low prices of Canadian bonds at New York probably reflect more than anything else the fear of a German victory. Economically, it argues, the war is not injuring the Dominion's position, since no new external debt has been created.

It points out that, if actual invasion of the Dominion is feared, then the entire list of high-grade bonds is too high. But—it concludes in an ominous tone apparently intended for home consumption—obligations of the Dominion would not suffer alone if such an event took place.

* * *

Bond Index

The D.B.S. index of long-term Dominion of Canada bonds at 114.4 for week ended July 11 was up 0.1 from the previous week. It was off 4.9 points from the same week of last year, and down 0.1 from the corresponding week of the previous month.

DOMINION OF CANADA
Long-term Bond Index

	Latest week July 5-11	Preceding week June 8-July 4	Weekly average Year ago
Price	114.4	114.3	119.3
Yield	73.0	73.1	66.6

Ready to Adjust Bonds Of Sandwich West

Holders of debentures of the Township of Sandwich West are advised to present their debentures to the exchange agent, Guaranty Trust Co., Windsor or Toronto. Adjustment is to be made of claims and settlement of interest in line with the interim plan for adjustment of debenture and other indebtedness approved by the Municipal Board of Ontario.

The plan provides for settlement of interest arrears up to Dec. 31, last, at 9%. Six coupons are to be attached to the debentures, one covering interest arrears and one for interest in each of five years, 1940-44, during which time the interim plan is to operate. Interest during the period will be paid at the rate of ½ of 1%.

Sherbrooke Drops $500 Tax on Chain Stores

From Our Own Correspondent

MONTREAL. — Sherbrooke has dropped a special $500 tax on chain stores in keeping with legislation passed at the last session of the Provincial Legislature. All of the $500 tax chain stores will pay double the usual business tax of 7% of the year's rent, provided the increase does not exceed $100. This change applies to firms having their head offices outside the city. Resident businessmen who operate more than one store in Sherbrooke will pay only the 7%.

Foreign Exchange

During the week July 9 to July 15 there was no change in the quotation to the United States dollar at Toronto and Montreal, which was $1.10 for buying and $1.11 for selling. The sterling rate likewise was unchanged at $4.43 buying and $4.47 selling. The rate is published daily by the Foreign Exchange Control Board.

Other Currencies, July 15

Australia	3.59	N. Zealand	3.61
India	.3360	S. Africa	4.47
Japan	.2600	Hong Kong	[illegible]

Classified Advertisements

Classified ads. cost 4c. per word and figure for each insertion. Minimum ad 12 words. Add six words when box number is required. When replies are to be mailed to advertiser, add 10c. Classified ads. payable in advance. Contract rates on application.

Positions Wanted

ACCOUNTANT and Credit Manager. Many years' successful experience with all branches of accounting and credits. Now employed. Present employer is aware of this advt. Married. Minor Great War disability. Full particulars of experience and reason for seeking new position by return mail. Write to Box 40, The Financial Post, Toronto, Ont.

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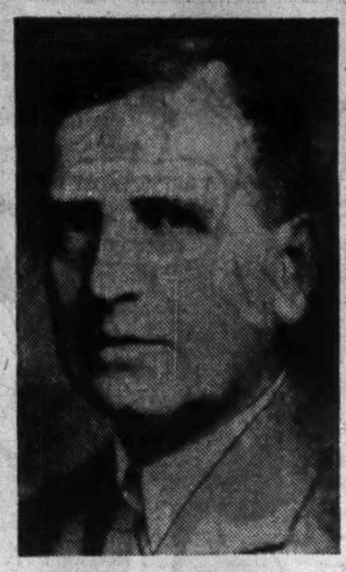

ELECTED PRESIDENT

F. W. Grant, K.C., Toronto, who has been elected president of Hamilton Bridge Co. Mr. Grant, who is also president of Canadian Dredge & Dock Co., will retain his office of chairman of Hamilton Bridge. He succeeds W. B. Champ as president.

Dominion Bridge Orders are Heavy

Dominion Engineering Works, Subsidiary, Also Operating at Capacity

From Our Own Correspondent

MONTREAL. — Both Dominion Bridge Co. and its subsidiary, Dominion Engineering Co., are experiencing a heavy volume of business.

Dominion Bridge ended its current fiscal year on Nov. 1 last with over $2 millions of business on its books. Since then a number of contracts have developed in connection with the country's war effort. The company now has sufficient business on its books to keep the plant busy for some time.

Dominion Engineering Works also is operating its plants at capacity, with a considerable part of the production consisting of war materials, such as shell parts. Orders on hand assure capacity operations for many months to come.

St. Boniface to Pay Debenture Interest

The Municipal and Public Utility Board of Manitoba has authorized St. Boniface, Man., to pay interest on its debentures for 1939 at the rate of 30 cents on the dollar. Coupon interest will be paid upon presentation of the coupons to any branches of Banque Canadienne Nationale, while interest on matured debentures will be paid by the city, by cheque, upon receipt of said debentures for registration.

The city entered into a refunding arrangement in 1938, whereby interest from Jan. 1, 1937, was to be paid from two thirds of surplus available for such purposes. The other third will be used to purchase debentures on the open market.

Montreal Tramways Add to Bus Fleet

From Our Own Correspondent

MONTREAL. — Montreal Tramways Co. is taking delivery of 10 new 30-passenger buses. Equipment was purchased from Yellow Truck & Coach Mfg. Co., a General Motors subsidiary.

The new buses will go into service about the beginning of next month.

Most Assets Of Refugees Well Frozen

Reluctance of Britain to Part With Exchange Hampers Evacuation

From Our Own Correspondent

OTTAWA.—The ban on payments by British relatives for support of children sent to Canada for safety, even when they are well-to-do or own Canadian securities or other investments, has resulted in considerable confusion and misfire of arrangements. It is partly responsible for the curtailment of the flow of refugee children to the Dominion, it is understood.

Stringent British regulations to conserve foreign exchange bar children evacuated to Canada from either carrying more than traveling pocket money out of England, or receiving remittances from home during their sojourn in the Dominion. The British authorities also forbid the diversion of either income or principal from British-held Canadian securities and other assets.

Revenue from such investments must be transmitted direct to the British owner, and the Canadian dollar exchange sold to the British foreign exchange authorities at the official rate. This is similar to the Canadian regulation that U.S. dollar income from Canadians' investments in the United States must be converted through the Exchange Control Board at the pegged rate.

Hosts Must Foot Bill

The net result is that children sent to Canada will remain entirely dependent on the Canadian families who take them in, regardless of the financial position or willingness to pay of their relatives in the British Isles. This applies specially, of course, to children whose parents or guardians can afford their passage to Canada. It also extends to children requiring Government assistance to move them here. Such assisted evacuation is currently suspended though pressure is being exerted to have it resumed.

Assets Here No Help

Income from British-held Canadian stocks, such as International Nickel or Canadian Pacific Railway, or income from British capital invested in Canada in such projects at the British-Pacific Properties Ltd., Vancouver, will not be released for the support of evacuated children, according to authoritative understanding of the position of the British Government.

There seems little prospect of a change in the regulations, which deny foreign exchange for maintenance abroad of any person leaving Britain for private purposes. Special permits are issued for those on official journeys or urgent business trips deemed necessary by exchange control authorities.

Evacuees have been permitted to bring £10 apiece or roughly $50 in Canadian money, as pocket funds after payment of passage. There is no bar to the use of personal property in Canada by children whose parents have personal effects in Canada, or who have secured the loan of such effects.

Much Misunderstanding

In many instances, British children have arrived under false impressions on the part of sponsors that British funds would be made available for them, and this has caused confusion and difficulty.

Several hundred of the British children sent to Canada have become virtually stranded as a result of insufficient or misinformed arrangements for their support in this country. They may become public charges upon Canada unless funds are released in the United Kingdom for their support or placements in private homes are arranged here.

This group includes between 200 and 400 school children brought to Canada under the scheme promoted for the mass migration of certain public schools in England. At present the children are in Toronto or Ottawa, for the most part.

In addition, federal immigration officials have found several individual cases where relatives in Canada invited children to come to this country and then refused to accept them in their homes on discovery that no prospect exists of transfer of family or public funds from the United Kingdom for their support.

The proposed movement of public school groups from England, already under way, has been stopped on cabled request from Ottawa authorities, it was learned, pending clarification of the situation.

NEW DIRECTOR

William S. Kelley, Jr., plant manager of Campbell Soup Co. Ltd., New Toronto, has been elected a director of the company to fill the vacancy caused by the death of Raymond B. Nieukirk.

Bond Sales

Dominion Treasury Bills

Yield of 0.718% for the July 16 issue of Dominion Treasury Bills is the lowest since Sept. 1, and is the third successive decline, comparing with 0.733% for the July 2 issue. The issue is for $40 millions, maturing Oct. 16.

The issue sold at an average discount price of 99.81928, compared with 99.811955 for the July 2 issue.

Current issue is to redeem $25 millions issued April 1 and $15 millions issued May 1. The latter was issued in connection with the Dominion Government taking over the gold reserves of the Bank of Canada May 1.

* * *

Dartmouth, N.S.

Town of Dartmouth, N.S., has sold to Johnston & Ward a $36,000 issue of 4% five-year serial debentures at 100.70.

* * *

Mount Royal, Que.

Mount Royal's sale of $150,000 of debentures to A. E. Ames & Co. has been ratified by the Montreal Metropolitan Commission. The investment firm's offer included immediate purchase of $51,500 of debentures at 96.50 and a 60-day option on the balance of $98,500.

* * *

Chretiennes School Brothers

Dube, Leblond & Co. is offering $350,000 of debentures of Chretiennes School Brothers of Ontario at par plus accrued interest. The obligations are dated Jan. 2, 1940. Block of $81,600 carries a 4% coupon, maturing serially from July 2, 1941 to 1949, and $268,400 carries a 4½% coupon, maturing July 2, 1950.

Proceeds of this issue will be used to refund obligations maturing July 2, 1940.

M. & O. Paper Hearing Postponed to July 23

Postponement until July 23 of the hearings in Minneapolis courts on the reorganization of Minnesota & Ontario Paper Co. has been agreed upon. Attorneys were present representing the company, the bondholders' protective committee and the Securities and Exchange Commission.

It is said that difference between these interests is not great and there is hope that complete agreement can be reached by the time the hearing starts. Approval of the court of any plan would still be dependent on adoption by creditors and bondholders to make it operative.

Bond Redemptions

Bond Issues:	Rate	Year	Due	Price
J. B. Stetson (Can.)	7%	1943	Aug. 1	103
Dom. Tel. Secs.	*5½%	1978	Aug. 2	par
Riordon Pulp	6%	1942	Dec. 31	105
Eastern Car	6%	1952	July 31	†
Ont. Power	5%	1943	Aug. 15	‡

*For sinking fund purposes $4,700.
†Calling for tenders for $46,972.
‡$125,000.

New Building

Reported by Engineering & Contract Record:

Department of Munitions and Supply, construction division, has awarded recent contracts as follows: Service flight training school buildings, Brantford, $908,000; hangars and buildings, Mossbank, Sask., $882,000; flight training school, Carberry, Man., $315,000; bombing-gunnery school, Fingal, Ont., $751,000; flight training school building, Calgary, $689,000; repair depot, Winnipeg, $30,000.

Quebec Dept. of Public Works has awarded general contract for erection of bridge over Richelieu River between Beloeil and St. Hilaire, on Montreal-St. Hyacinthe highway, at $240,000.

Federal Aircraft Ltd., new government-owned concern for co-ordinating production of military aircraft, is reported planning erection of $100,000 aircraft plant in the Montreal area.

Dept. of National Defense has awarded $1.5 million contract for plant in Quebec province to Anglin-Norcross Corp. and is reported planning another plant costing $2 millions in the same province.

General Motors of Canada has awarded contract for $130,000 addition to its plant at Oshawa, Ont.

Bond Tenders

July 27—Vermilion Municipal Hospital District No. 2—$25,000; 6%, 20-installment debentures. F. J. Richardson, sec.-treas.

July 30, Hespeler, Ont.—$14,000, 3½% 15 year ins. dated Aug. 1, 1940.

Close Loophole That Avoided Payment U.S. Premium

An amendment has been approved in the Income War Tax Act to close a loophole in existing legislation regarding dividends or interest payable in foreign funds. It will have the effect of increasing the expense of servicing debts payable at New York in the case of municipalities which previously persuaded debenture holders in Canada to accept a reduction in premium from the prevailing 10% rate. Toronto, Edmonton and Saskatoon, for instance, had arranged to pay a premium of 4½% and thus escape the tax.

The amendment provides for a tax of 5% on interest or dividends paid or payable by Canadian debtors to Canadian residents in a currency at a premium in excess of 5% of Canadian funds. Formerly the act provided for a tax only on dividends actually paid in a foreign currency.

In effect, it is now provided that a tax of $5.50 be collected on every $100 in U.S. funds (110 Canadian dollars) payable in New York. No matter whether a security holder accepts 104½ or 110 Canadian dollars in return for 100 United States dollars, he will be still subject to the 5% or $5.50 tax on $110. By accepting 104½, he formerly escaped the tax as the premium was under the 5% stipulated.

The effect now is that debenture holders will likely demand the full premium of 10% from the municipality, being subject to the tax of $5.50 on $110 in any case. After paying the tax, they will still have the same balance of $104.50, the loser being the debtor to the extent of $5.50 per $110 of interest or dividends paid. Ottawa formerly lost this amount but now will regain it.

Unless a debenture holder receives the full 10% premium, he will receive only $99 instead of $104.50. The tax, to be forwarded to Ottawa, is deducted by the debtor before the dividend or interest is paid.

MUNICIPAL HONOR ROLL

Five Years of Progress by Local Government

ST. CATHARINES, ONT.

St. Catharines is the ninth in a series of municipalities included in The Financial Post Municipal Honor Roll for 1940.

These municipalities are those which are considered to have shown stability over a period of years, or in recent years have made outstanding progress in improving their financial standing. No attempt is being made to run these in sequence of merit or size.

Since a record high peak in debenture debt was reached in 1923, St. Catharines, Ont., has reduced its funded obligations by 59%.

In 1923 debenture debt totalled $4.7 millions. At Dec. 31, 1939, it had been cut to $1.9 million, a reduction of $2.8 millions.

This progressive improvement in debt position is one of the reasons why the city is able to borrow money on favorable terms. In Oct., 1938, the city sold 3½%, 1-15 year serial debentures at a premium to yield 3.38%.

Tax collections have shown substantial improvement in the past five years. Tax rate was dropped by five mills in 1939 from the preceding year.

Per capita debenture debt is remarkably low for a municipality of this size.

Statistical Picture

	1939	1938	1937	1936	1935
Population	27,728	27,647	27,426	27,006	26,834
Assessment (in $000's)	25,548	24,914	24,170	24,164	24,922
Assess. per capita $	921.25	901.13	881.28	894.77	928.76
Mill rate	39	44	42½	42	41
Tax collections:					
Current collections to curr. levy %	87.36	85.86	83.26	80.99	79.14
Current & arrears to curr. levy %	106.50	108.68	104.46	102.66	100.78
Gross deb. debt (in $000's)	1,932	2,110	2,307	2,731	2,914
Less: Sinking fund	770	733	739	844	902
Net debenture debt	1,162	1,377	1,568	1,887	2,012
Net deb. debt per capita $	41.92	49.82	57.16	69.87	74.99
Other liabilities	382,668	452,547	487,272	480,531	556,271
Relief exp. funded $	nil	nil	nil	30,000	60,000
Relief met out of curr. revenue $ ...	316,660	326,394	307,097	359,027	402,312

Last Debentures Sold

Purpose—Arena (portion of cost only after deducting public subscriptions) sold Oct. 1, 1938—$40,000—1-20 year 3½% serial debentures sold at $100,876 to yield 3.38%.

Purpose—Public library alterations and additions—$15,000 of 1-15 year 3½% serial debentures sold at $100,706 to yield 3.38%.

Weekly Record of Financing in Canada

SALES BY MUNICIPALITIES, PROVINCIAL AND DOMINION GOVERNMENTS

Municipal—	Date Issued	Sold to	Rate	Due	Amount	Price	Yield
Dartmouth, N.S.	July	Johnston & Ward	4%	5-yr. ser.	$36,000	100.70	...
Dominion—							
Canada Treasury Bills	July		...	Oct. 16, '40	40,000,000	99.819	.718%

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SOLVING WAR'S PROBLEMS

War production of all kinds brings new problems in the matter of meeting modern needs. How engineers of Canada Wire and Cable Company, Limited, helped in the successful achievement of Fleet Aircraft in their design and manufacture of a low-winged monoplane trainer is told in the letter below.

FLEET AIRCRAFT, LIMITED
FORT ERIE, ONT.
CANADA
CABLE ADDRESS, "FLEET" CANADA
TELEPHONE FORT ERIE 490

June 4, 1940

Canada Wire and Cable Company, Limited,
Toronto, Ontario.
Attention: Mr. W. R. Greenshields

Dear Sir:

It is with much enthusiasm that we report the behaviour of the small hydraulic hose recently manufactured by the Canada Wire & Cable, to a design developed in collaboration with Fleet Aircraft. We have tested a specimen of this tubing, and find its bursting pressure to be at least 1600 pounds per square inch, while our operating pressures never exceed 200 pounds per square inch.

Although this tubing has a one-eighth inch inside diameter, which is ample for flap and landing gear hydraulic operating mechanisms, the outside diameter is only fifteen-sixty-fourths inches, which makes for exceptionally neat and light installations. The flexibility of this tubing is exceptionally good, and its installation on our Model 60 Combat Trainer has given complete satisfaction up to the present time.

It is anticipated that its resistance to fatigue breakage due to vibration will be of great interest as it should result in fewer dangerous tube breaks in hydraulic and fuel lines.

We sincerely believe that this development will revolutionize the general conception of hydraulic equipment in aircraft.

As Glass Fibre and Neoprene are fire resistant, it is felt that this new tubing will resist any reasonable tests for fire resistance.

I have no doubt but that tubing of this type will eventually replace not only the more cumbersome types of flexible tubing, but also drawn metal tubing, for use in fuel and oil lines, as well as the hydraulic system.

Yours very truly,
Richard E. Young
Richard E. Young (Design Engineer)

Other manufacturers having problems in any type of electrical conductor or steel wire rope design, may rely on the co-operation of our engineering staff.

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Editor—FLOYD S. CHALMERS
Business Manager—D. M. GOWDY
Published by
THE MACLEAN PUBLISHING CO., LIMITED
481 University Avenue, Toronto 2.
Founder and Chairman—JOHN BAYNE MACLEAN
President—HORACE T. HUNTER
Vice-President and Managing Director—H. VICTOR TYRRELL

ADVERTISING RATES
Single insertion—$4.20 per inch.
Contract rates upon request.

SUBSCRIPTION PRICE
Canada, United States, Mexico, British Empire, $5 per year, all other countries, $6.

MONTREAL—Dominion Square Bldg., Murray R. Chipman, Eastern Manager; John E. Langdon, Eastern Editor.

GREAT BRITAIN, London—Sun of Canada Bldg., 2, 3 and 4 Cockspur St., London, S.W.1, Telegraphic Address, Atabek, Lesquare, London.

TORONTO, JULY 20, 1940

The Financial Post Editorial Platform for Canada

Winning the war has become the focal point for national and personal effort in Canada. This requires full mobilization of the nation's material and spiritual resources. To the fullest degree this should be obtained by individual effort, freely made. Strong national leadership will inspire service and sacrifice that will reduce the need for regimentation and compulsion.

The Post believes the situation demands:

1. *Strengthening cabinet leadership by drawing upon Canada's best executive brainpower irrespective of political considerations.*
2. *Reorganization of war department and appointment of one supreme authority, competent to plan, determine and programme our war needs.*
3. *Appointment of non-political industrial co-ordinator with complete authority to direct procurement of munitions and supply.*
4. *Fullest co-operation and co-ordination—military, industrial and financial—with the United States as well as with Great Britain.*
5. *Pay-as-we-go policy, in so far as consistent with "total" war. Elimination of public and private waste.*

Mr. King States the Case

Some shrewd words were spoken in the House of Commons the other day. Different qualities, it was pointed out, are required for effective work as a cabinet minister from those required in an executive or administrative post.

A cabinet minister must determine policy, make final decisions and accept responsibility—individual responsibility for his department and a share of the collective responsibility for government policy as a whole. He must be able to explain the policies of the Government to Parliament and the country. He must be a member of Parliament.

The speaker who so clearly stated the limitations of cabinet ministers in organizing and handling administrative jobs was Prime Minister King. He thus focused attention on the reasons which call for the appointment of a single, competent, experienced industrial executive to head up Canada's war buying. If Mr. King sees the problems and the need, why then does he not act? Why did he not make such an appointment weeks ago?

The Minister of Munitions and Supply must be a policy-maker and a liaison between the actual buying work and the Cabinet. He must be the interpreter of policy. Those are important full-time jobs. The Minister should put the actual buying under a businessman, unharried by legislative and cabinet duties. Mr. Howe is trying to be both the minister and the chief executive. One job or the other must suffer. He cannot have time to fully co-ordinate the work of the many able business $1-a-year men he has gathered together for his department.

Manifestly, Mr. King ought to carry out the policy he has himself voiced by appointing a man of the Flavelle-Purvis-Baruch type, and without delay, to be the chief administrator of war supply in Canada.

J. H. Van Deventer, editor of "Iron Age," remarked the other day, in comment on the American defense programme, "Industry is prepared to go the limit to put into successful performance any emergency that is laid before it."

That is true also of Canada.

But Mr. Van Deventer concluded:

"A preparedness programme, like war itself, calls for the best minds and hands in the top administrative jobs in Government. Hitler's success has been due to the fact that he had a programme, put his most qualified men in charge of it, and stuck to it for 10 years.

"These are plain and perhaps unpleasant facts, but they are in the minds of labor, of management and of capital today. Today is no time for the protection of political frends. We need the best we have from top to bottom."

That is plain speaking. It applies to Canada as well as to the United States.

C. M. A. Plan is Better

A number of newspapers throughout Canada have published editorials approving the plan proposed by the Canadian Manufacturers' Association as a practical alternative to unemployment insurance.

As outlined in The Financial Post last month, the plan proposed is to use the War Savings Certificate programme to build up unemployment reserves among industrial workers. The specific suggestion is that each worker contribute 75 cents a week to be matched by a contribution of 25 cents by the employer. At the end of two years the $100 certificate would be exchanged for an Unemployment Reserve Certificate of the same amount and bearing interest at 3%.

This certificate would belong to the employee, it would be available for loan purposes while unemployed, it would have many important advantages over and above the costly and untried experiment for unemployment insurance which Ottawa planned to develop despite the extreme pressure of the war emergency.

The plan would make use of the existing war savings certificate machinery. It would build up important unemployment reserves against a possible post-war slump. It would fix the responsibility of the individual worker in building up his own trust fund against hard times. It would avoid the setting up of a large and costly government bureaucracy which would unquestionably divert manpower and money away from the war effort.

* * *

There may be some specific phases of the proposed scheme that will require discussion.

For example, the 75-25 basis of contribution may not be the most satisfactory ratio. Nor may it be wise to terminate the fund in two years on the basis of a $100 certificate.

An "open-end" plan which might be the basis of a larger pension programme for industries not greatly affected by unemployment may be wiser long-range policy.

What is important, however, is that the most serious consideration be given to this suggestion.

For Ottawa to pursue blindly at this time a vast unemployment insurance venture merely because of the political history which has forced successive governments to support such a plan, would be the sheerest folly, especially if a suitable programme to meet the needs of a post-war "savings" reserve can be achieved more directly and economically in the way the C.M.A. has suggested.

Short Waves for Democracy

The Ottawa Citizen lends strong support to the idea repeatedly emphasized in these columns: that Canada emergently needs a short-wave radio station to strengthen democratic and British broadcasting in a field now so largely dominated by unfriendly propaganda.

Recently The Financial Post called attention to the fact that, one by one, short-wave broadcasts from democratic countries in Europe have ceased. Now, only Britain can be heard. And German bombs might wreck BBC transmitters.

The Ottawa Citizen says:

"Doubtless measures have been taken by the BBC to ensure a continuity of service by the shortwave transmitters at Daventry. There are probably duplicate transmitters, but the possibilities of serious interruption have to be considered. Canada could help to ensure uninterrupted British broadcasting to every part of the world by setting up a Canadian shortwave transmitter.

"Canada should be ready to step in with a Canadian transmitter to keep the radio world in constant touch with the battlefront of democracy, whatever may happen to Daventry or at Broadcasting House."

Ottawa has "diddled and dawdled" too long with this matter. Apparently Ottawa is afraid to "offend" Washington. Why such a supine attitude? Don't American broadcasts crowd the Canadian air? The CBC should be told to go ahead and build a short-wave radio station, powerful enough to carry Canadian programmes to the world, and particularly to the United States and Latin American countries.

From Canada uncolored news and feature programmes could be put out in various languages, particularly in English and Spanish, for hemispheric consumption.

Good Example by Ford Company

A short time ago there was a lot of heated discussion over the action of the Ford Motor Co. of Detroit in refusing to make Rolls-Royce airplane engines for the British Government. This move had nothing whatever to do with the Canadian company, but it gave rise to very unfavorable comment throughout Canada.

The Canadian company immediately took aggressive action to explain its position. It had no difficulty in making out a strong case: The Canadian Ford organization has been a leader in assisting in Canada's war effort, preparing, along with General Motors Company in this country, to make military transport vehicles long before the war started.

The reaction of the Ford Motor Co. of Canada to this incident might well serve as a model for other Canadian companies. All too often, when something happens which is interpreted unfavorably for them, they are afraid to present their own side of the question. They rely rather on the uncertain hope that the incident, whatever it may be, will be forgotten. Companies which have a strong case to present, as was the case with Ford of Canada, will find the press and the public willing and anxious to hear it.

Disloyalty Lightly Treated

Last week The Financial Post published a long list of fines and jail terms imposed upon people seeking to sabotage Canada's war effort.

In all cases the offenses were serious. In many of them enemy aliens were involved. Illegal possession of fire arms and spreading of subversive talk were the chief offenses. But in all cases the jail terms were mild. Often there was no jail term but merely a small fine.

In recent days there has been some evidence of stiffening in punishments meted out. For instance, these cases have come to The Post's attention during the past week:

An Edmonton magistrate viewed "in a most serious light" seditious statements made by a man with a German name. He imposed a six-months sentence.

In Saskatchewan, a man of German descent who made statements prejudicial to discipline of the troops was sentenced to a year.

A Vancouver German woman, whose offences included possession of a vital map drawn by herself, brought a group of wives of interned Germans to testify for her. She was fined $500 and sentenced to two years.

These stiffer sentences are, however, exceptions. Most magistrates continue to levy small fines or impose short jail terms for efforts to stir up dissension or disloyalty in Canada. Here are some other cases reported during the past week.

An alien in Alberta with a German name was fined $20 for being in possession of a gun. Another alien in Saskatchewan, labelled a refugee from the Sudetenland, was found with a gun and fined $1.

In St. Thomas a young alien who made remarks disparaging to the Empire and forecasting that Hitler would be over here soon was given two months in jail.

Out in British Columbia two men who made seditious remarks were fined $25 apiece and given a stern reprimand. Another offender, not an alien, got 60 days.

A man in Saskatchewan who shouted Heil Hitler, gave the Nazi salute and made dangerous statements, was fined $25.

Canada is treating disloyal persons and saboteurs too lightly. Our Fifth Column ought to be stamped out before the enemy reaches our shores.

National safety demands much more drastic punishment for those offending against the Defense of Canada Regulations, particularly against foreigners and even more particularly against aliens of enemy origin.

Editorials in Brief

When Leopold capitulated Premier Reynaud remarked that it was " a fact without precedent in history."

By the time France got around to it there was, of course, a precedent for it.

* * *

Harry R. Jackman, young M.P. from Toronto, calls the new Excess Profits Tax "the excess tax on profits."

It is a fair designation. No tax was ever more misleadingly named than the Excess Profits Tax. For instance, every firm pays an Excess Profits Tax of 12% (in addition to the regular 18% corporation tax) even if it earns only a tenth of what it earned before the war.

* * *

For months the plea in the United States was this: the Allies are bound to win, therefore they do not need us.

Now the cry is: the Allies are bound to lose; it is too late for us to do anything about it.

What will the excuse be when the American people awaken to the fact that it is not too late to do something about it?

* * *

Dr. J. B. Reynolds, a former president of the Ontario Agricultural College, has organized The Northumberland and Durham Conservation Service Inc. Objects are to conserve and rehabilitate the natural resources of the two counties, including development of forest reserves.

The success of Dr. Reynolds' plan will be watched with great interest by other localities which have not yet faced up to this very real problem.

The Canadian Editorial of the Week

Blitzkrieg Versus Sitzkrieg

Winnipeg Tribune

While Hitler has overrun Europe in a matter of ten weeks, Mr. Mackenzie King has had 43 weeks in which to go about organizing a real war cabinet to put drive behind Canada's war effort. Monday's cabinet reshuffle—and it was only a reshuffle of the old face-cards—shows that Mr. King has hardly begun to tackle the job.

The course of events overseas and in Canada is set out in parallel columns below:

BLITZKRIEG	SITZKRIEG
April 9 — Germans invade Denmark and Norway.	April 12 — Mackenzie King summons Parliament for May 16.
May 9 — Nazis overrun Belgium and Holland.	May 16 — Parliament opens.
May 10—Churchill succeeds Chamberlain; government reorganized to take in Labor and Liberals.	May 21—Mackenzie King announces plans to create an air ministry and to recruit a third Canadian division.
May 15—Germans break through French lines at Sedan.	June 4—Department of National Defense stated that the mobilized strength of the Canadian army forces was 81,400, and would shortly be increased to 120,000.
May 28 — Surrender of Leopold, King of the Belgians.	
June 10 — Italy enters war.	June 10—Hon. Norman Rogers killed in plane crash, making cabinet reorganization necessary.
June 21—French surrender completed.	June 18—Introducing the Mobilization Bill to conscript industry, wealth and labor as well as manpower for home defense, Mr. King stated that a national registration of Canadian manpower would be "launched" immediately."
July—Attack on Britain intensified.	June 24—Budget soaks taxpayer for war effort — to be made in future.
	July 8 — Cabinet reshuffle, with places kept for all the old familiar faces like Ian Mackenzie.
August 15 — Hitler's boasted date for dictating peace in London.	August — "We hope to complete the registration in August."—Hon. J. G. Gardiner.

The Dominion Government's reply to Hitler's blitzkrieg was the Mobilization Act. This act gave the Government control over all industry, wealth, labor and manpower in the Dominion. It now develops that Canada is getting such a move on that it may have its men registered, though not in any sense recruited or mobilized, by the end of August.

Denmark and Norway have fallen. Holland and Belgium have fallen. France has fallen.

If England is invaded no doubt the Dominion Government will take new powers to do something else—later on.

Sayings of the Week . . .

"England was never in finer fettle."—*Major Fred J. Ney.*

* * *

"The country is in no mood to tolerate partisan appointments."—*Hon. R. B. Hanson.*

* * *

"The war effort of the Government is necessarily a Liberal party war effort."—*Hon. R. B. Hanson, M.P.*

* * *

"It is useless for us to expect everyone to keep up his standard of living through this war."—*Hon. J. L. Ilsley.*

* * *

"I am not the worst offender in wasting the time of this House during this session."—*Jean Francois Pouliot, M.P.*

* * *

"You are a German, and I refuse to take the word of any German." — *Tower Bridge Magistrate Bernard Campion.*

* * *

"There was no situation so desperate that it did not seem a little better after a nice cup of tea."—*Beverley Nichols.*

* * *

"The association of interest between Britain and France remains. The cause remains."—*Prime Minister Churchill.*

* * *

"Continuously for weeks the Government, through its Public Information Bureau, so called, has issued official statements to the press as to the Bren gun plant being in mass production. Now I want to say very plainly and in a sentence: that statement is not true."—*Rt. Hon. Arthur Meighen.*

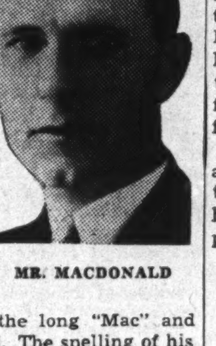
—Cartoon by Grassick.

SCENE: ANYWHERE IN CANADA.

Post-Scripts . . . . .

Cape Breton Scot

Out in the West there has been a lively controversy regarding the Mac's and the Mc's. Distracted newspapermen want a national conference to achieve agreement among Scots as to the proper spelling. Chief Scottish name-trap is MacDonald, alternatively spelled McDonald and Macdonald.



MR. MACDONALD

Canada's new Minister of Defense for Naval Affairs is a worthy representative of the long "Mac" and small "d" school. The spelling of his name probably arises from the fact that, while he was born in Cape Breton Island, he is a true Highland Scot, which means that he is a man of contrasts.

He is a "quiet-spoken" Catholic, but argumentative enough to have won gold medals and passed in law at sundry schools such as St. F. X., Dalhousie (where later he taught law), Columbia and Harvard.

He speaks the Gaelic with fluency but speaks English with little trace of Scottish accent.

His military experience was as an officer in a Nova Scotia battalion in the last war but now he heads our navy department.

* * *

It has long been a foregone conclusion that Angus Macdonald would eventually land in the Cabinet at Ottawa. If it seems strange that this ex-professor of law, ex-infantryman should become the First Lord of Canada's Admiralty, one must remember Mr. Macdonald's capacity for making lightning advances. His sole venture into politics up to 1933 had been as an unsuccessful candidate in the Dominion election of 1930. But when the Liberals were swept back into power in Nova Scotia in Aug., 1933, they selected this young man of 43 to be their leader and premier of the province.

* * *

Our first acquaintance with the new Minister of the Navy came in 1933, just a week after he had left the cloisters of "Dal" to take on the premiership. With quiet Scottish deliberation and thrift he was rolling a cigarette, his feet on the edge of one of the longest and most important tables in the province. His sudden acquisition of so much power and responsibility had not altered him a whit.

A few weeks ago we dropped in again to see Mr. Macdonald. He was in what must have been the tiniest room in the old Legislative Buildings in Halifax; an office about one third the size of those reserved for messengers and second secretaries at Ottawa. He found the location of the office convenient and he liked its historic atmosphere. Other ministers could have their swank appointments in the new annex across the road. Macdonald preferred the inspiration of older things.

He still had his feet on the desk. But he was smoking this time a ready-made cigarette.

* * *

Premier Macdonald may have been young and inexperienced when he became the chief magistrate of his province. But in the seven intervening years he has grown in stature. His legal training has stood him in good stead. He is a good listener and a good cross-examiner. He usually studies a problem thoroughly before expressing his own views. Many a visitor, dropping in to find out what the Premier thought about a certain subject, has found himself subjected to an hour's detailed questioning.

Macdonald has travelled much since becoming Premier. A year ago he made a speaking tour across Canada.

It has been common political gossip for some time that Angus Macdonald was being groomed for Ottawa. The war has merely hastened his transfer to the Dominion sphere. He has qualities valuable in a minister, not the least of which is proved ability and experience.

What he now knows about the navy may not be much, but he will learn quickly and as a Bluenose he cannot be without an appreciation of the importance of sea communications and their protection.

* * *

By adding this one-time law professor to his Cabinet, Prime Minister King has assuredly strengthened Dominion-provincial relations. Mr. Macdonald is a strong believer in the national strength that comes from adversity and the courageous facing of common problems.

Speaking not long ago in a radio address on national affairs he urged that Canada face up frankly and honestly to meet its constitutional problems:

"In striving for the removal of injustices," he said, "or in attempting to redress the balance of our constitution, we are seeking for a greater harmony and a more lasting Canadian unity.

"Let us show to the world that it is still possible for people who differ in race, in language, in faith, in tradition, to dwell together on terms of friendship and equality. There are some who see in this very diversity of Canadian life a source of danger, but I prefer to see in it a source of strength."

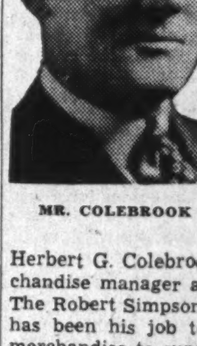
Mr. Macdonald quoted the famous Laurier simile in which Canada is likened to a Gothic cathedral where granite, marble, oak and glass are all harmoniously blended, "each maintaining its own identity, but each contributing its full share to the beauty and perfection of the whole."

Now, at 50, this man, who for seven years has been Premier of a great Canadian province, will have a chance to see at first hand the Federal side of the Confederation story.

* * *

Colebrook For Results

As executive assistant in charge of inventory and stock movements, Deputy Air Minister J. S. Duncan has chosen a quiet Englishman who knows how to get manufacturers to give him what he wants. He is a man who knows exactly how important it is to have the right material, in the right quantity in the ight place at the right time.



MR. COLEBROOK

This man is Herbert G. Colebrook, general merchandise manager and a director of The Robert Simpson Co. For years it has been his job to find the right merchandise to supply the wants of Simpson's customers and to co-ordinate supply of goods with sales. He is as quick to give credit for good services as he is to condemn unsatisfactory performances. His associates claim that if there is any red tape surrounding his job at Ottawa, he will find a way to break through it.

* * *

Herbert G. Colebrook was born in Guildford, Eng., in 1880 and started an apprenticeship with an English firm selling fine home furnishings in 1899. His whole business career has been in the merchandising business, chiefly home furnishings. He first came to this continent to work with W. J. Sloane, New York. In 1911 the late Mr. Fudger invited him to come to Canada to work with Robert Simpson Co. He remained with Simpson's in Toronto until 1924, in time having charge of all fine household furnishings.

In 1924 he went to London to assume charge of Simpson's European office. This job took him back and forth across Europe, searching for new suppliers and new merchandise as well as making certain that established sources of supply remained available. At the peak of the era of European purchasing, Simpson's sent as many as 40 buyers across the Atlantic annually. It was Mr. Colebrook's job to direct these men where to go, perhaps accompany them if they were new to the task, and then supervise delivery and payment for all goods bought.

He came back to Toronto in 1931 to become general merchandise manager for all branches of the Simpson business, a position which other executives in the company admit is second only to that of the president.

* * *

One of his close associates at Simpson's characterizes Mr. Colebrook as a "first class English gentleman, who smokes a pipe, plays polo, takes his exercise each morning on horseback before breakfast, is only a fair golfer with a terrifically fast back swing and an amazing slice."

Outside of his work with Simpson's, H. G. Colebrook is a director of the Toronto Horse Show and of the Royal Winter Fair, a member of the Granite Club, the Rosedale Golf Club and the St. George's Society. He resigned a position on the national purchasing committee of the Canadian Red Cross when he went to Ottawa. His interest in the importing business probably led to his activity with the Toronto Board of Trade where he has been a member of the executive committee of the British Empire Overseas Branch. In the Canadian Importers and Traders Association, he is a former member of the executive committee.

* * *

Munitions Chief

To William F. Drysdale is entrusted the job of converting the Dominion into a bottomless well of armament supplies. As director of munitions for the Department of Munitions and Supply he will be responsible for the rapid expansion of manufacturing facilities and the continuous flow of munitions to Britain.

Manufacturing munitions will be no novelty to him. In 1914 he supervised the making of shrapnel and high explosives at Steel Co. of Canada's plant in Montreal. His wide engineering experience in many parts of the world is an excellent recommendation for the job.

By joining the ranks of Canadians serving for $1 a year, he is forced to divide his energies between vice-presidency of the Montreal Locomotive Works Ltd and the war job. After devoting the time necessary to marshalling Canada's munitions industry there is little time left for his peacetime occupation.

* * *

Born in St. Andrews, Argenteuil, Que., in 1881, Mr. Drysdale was educated in Montreal. He received a bachelor of science degree from McGill in 1904. His first job was with American Locomotive Co., where he was rapidly promoted. He became mechanical engineer with the North Railroad of Costa Rica and Ferrocaril de Costa Rica. He was also building superintendent with the United Fruit Co.

In 1914 he returned to Canada and supervised the Steel Company's manufacture of munitions in Montreal.

Representing the Montreal Locomotive Co. and Worthington Pulp & Machinery Co., he spent three years of the first Great War and the post-war period in Europe.

He was one of the organizers of Brazilian Portland Cement Co., formed in 1924 in Sao Paulo, Brazil.

In his busy career William Drysdale has found little time to seek divertisement. He golfs and is president of the St. Andrews Golf

* * *

Victor Owen

J. Victor Owen, new president of the Canadian Underwriters Association, is one of the veterans of the business from the standpoint of experience, not of age.

Born in Port Hope, Ont., in 1885, he was educated in the public schools and the Collegiate Institute of Orillia, Ont.

He was with W. G. Black, general insurance agent and representative of the Guardian Assurance Co. at Ottawa for a while and from there went to the head office of the Guardian in Canada at Montreal in 1907 as a clerk. Since then he has advanced steadily until in 1934 he was appointed manager for Canada.

Golf, rowing and curling are his hobbies. For a number of years he was president of the Canadian Rowing Association, retiring only recently. He is a member of the famous Lachine Rowing Club.

He is shy of publicity and will carry on his work as president of the Canadian Underwriters Association without ostentation or fuss.

As Others See Us . . . .

Defending North America

Winnipeg Tribune

Equipment of Canadian troops should be standardized to United States army weapons, The Financial Post, of Toronto, argues.

In the words of The Post, "The present inability of the British to continue to supply Canada with various war supplies, especially aircraft engines, parts and materials is confirmation of the worst fears of the exponents of tying our military operations and supplies with those of the United States."

The defense of Canada requires a complete reorganization of the department of national defense, especially the injection of new blood near the top. The late Hon. Norman Rogers was reported to have completed plans for this reorganization just before his death, and his successor, Hon. J. L. Ralston, is understood to intend to carry them through. There is no time to lose. Canadians are awakening to their danger. The times and the country demand action.

Other People's Views . . . :

United War Appeals

Innisfail (Alta.) Province

Canada is at war and it will require the united efforts of all Canadians to carry on the many war services that are required and which are sponsored by the civilian population. We have four or five of these services, the Red Cross, the Salvation Army, the Y.M.C.A., and the new organization, the Legion War Service Incorporated.

All these services are worthy of the support of the people to the limit of their ability to give. We believe, however, that the best results can be obtained by a joining up of all these services in so far as raising money from the public.

Regulation is Wanted

Bus and Truck Transport, Toronto

It is now a year and a half since the Royal Commission on Transportation in Ontario, headed by Mr. Justice E. R. E. Chevrier, submitted a series of recommendations, based on its findings during a searching investigation. Certain of these recommendations, notably those which promised immediate additional revenue to the province, were soon made effective, as in the case of the increased gasoline tax. With regard to the most important recommendation of all, however, from the standpoint of public interest, namely, that calling for appointment of a Transport Board to regulate the highway transport industry, no action has been taken.

As matters stand at present, control of highway transport remains the prerogative of the provinces and it is imperative that these rights be exercised, to rid the highway transport industry of abuses, to safeguard the general public and to retain such regulation as a provincial right.

Youth Also Serves

Green Mountain Cracker Barrel

I did a little reading and found out that Robert Maynard Hutchins was elected president of the University of Chicago in 1929, when he was 30. He hasn't been fired yet. Thomas A. Edison invented the incandescent lamp when he was 32 and it still works. Wm. Shakespeare wrote both The Merchant of Venice and Romeo and Juliet when he was 31, and Alexander Hamilton became Secretary of the U. S. Treasury at the ripe age of 32. He is still regarded by many as the greatest Secretary of the Treasury we ever had. Then, too, there is young Edward R. Stettinius, Chairman of the Board of the United States Steel Corporation He's about 38 or 39.

You can go back a little farther into history and find Bonaparte, who was crowned Napoleon I, Emperor of France, when he was 35, and still farther back you will run across Alexander, King of Macedon, who was the outstanding military and political figure of ancient history. He died during his 33rd year.

But to get back to the times we can all remember there are the grotesque cases of Franklin Roosevelt and Theodore Roosevelt running for the Vice Presidency at the respective ages of 38 and 41. Of course the main difference there was that Teddy got elected. What am I trying to prove? Nothing.

An Increase to be Desired

Ottawa Citizen

The prospect of a great increase in the tide of migration to Canada is favorably commented upon by Jackson Dodds, general manager of the Bank of Montreal. He expressed the opinion in a Canadian Press interview last week that many of the British children would want to remain in Canada after finding refuge in this Dominion during the war, or would come back to stay later.

A great increase in Canada's population by migration could come from no more desirable source. There should be room in Canada for more new homemakers from Scandinavia, Holland, Belgium, France and other parts of Europe where civilized people wish to escape from Nazi tyranny.

It has become difficult for people of the Central European nationalities, however, to get out of the war's orbit. Even when they reach Canada, some are handicapped by language limitations. Canadian fear of foreigners is tending to become rampant.

Children of British parentage can come to Canada without any such handicap . . There is room for a million families of such British migrants to Canada.

Stop Me If . . . .

A young lady walked cheerfully into the post office, stopped at the wicket and asked for a three-cent stamp. The clerk was not in very good humor, and he snarled, "This is the information window; can't you read?"

The lady meekly proceeded to the proper place, purchased her stamp, and returned. "You say this is the information window?"

"Yup," yapped the clerk.

Well, if I mail this letter tonight will it be in Winnipeg tomorrow?" she continued.

"Sure," the clerk barked.

"That's funny," was the final squelch; "it's addressed to Halifax."

Week in Business

Trade Continues Active As Employment Rises

Disposition of Indicated Large New Crop Causes Some Concern — Employers Study Effect of Conscription Measures on Personnel

With industrial payrolls expanding as Canadian factories swing more and more into production of war materials for the Canadian and British Governments, trade at retail stores is active. The increased spending power of the Canadian people is viewed as the main cause as tourist trade so far has been rather disappointing.

All classes of goods are selling well. The large number of weddings recently has been an important factor, as even where the newlyweds are not setting up housekeeping on their own account, they and their friends are buying additional requirements for the wedding itself. Other lines such as paints, hardware and plumbing supplies, are also stated to be moving well. Supplies and equipment for industries working on war orders are in good demand.

* * *

Looking farther ahead some businessmen are beginning to wonder just what will be the effect of the large crop in the making in the Canadian west. It is estimated now that the carryover on July 31 will be about 275 million bushels. Much of the elevator capacity in the country is full, making the problem of how to store the new crop as acute as how to sell it.

With export markets now seriously restricted it looks as though Canada, with the new crop, will have a great deal more wheat than she has any prospect of selling.

Even if the Government again guarantees a fair price to the farmers the question is raised as to where the latter will deliver the grain to qualify for the initial payment.

* * *

Another subject under consideration is the effect of the conscription of men for military service. Employers generally are anxious to co-operate every way they can with the Government in its war effort. But there is considerable uncertainty as to just how the plan will work out.

Industries engaged in war orders are not worried, as it is understood most of their employees after registering will be exempt. In others, however, it is felt a problem may arise as to replacements. With volunteers going for a period of two weeks training and conscripts for 40 days, the tendency will be to keep open positions for those not likely to go out of the country in the immediate future.

Some firms propose giving those enlisting voluntarily their pay while away at camp. A similar policy as regards conscripted men it is claimed however might discourage voluntary enlistment.

As men are called out for permanent service it is expected larger numbers of women will be employed as well as men who have been on the retired list.

Business Indicators

Current business active with D.B.S. index of business for week ended July 6 down slightly from previous week and slightly above last year.

Carloadings for week ended July 6, 10% above year ago. Total for year to date up 17%.

Railway gross traffic earnings for first week of July up 47% and 39% over 1939, for C.N.R. and C.P.R., respectively.

Wheat exports in June slightly below last year. Cumulative for six months 32% higher.

Newsprint production in June 31% higher. Total for six months up 22%.

Total exports in June 43% above 1939. Total to date up 35%.

Shoe production in May over 7% above 1939. Total for five months up 17%.

Trend of business shown by The Financial Post Business Index and following key factors, new items for the week being marked thus ▪.

TREND OF BUSINESS—	July 6	June 29	June 22	June 15	July 8/39
Weekly index of business, D.B.S.	103.4	104.2	104.4	104.3	102.3
Commodity prices index no.	82.2	81.6	81.5	81.8	73.2
	June	May	Apr.	Mar.	Year Ago
The Financial Post business index	....	*136.2	133.5	129.5	116.3
Retail sales index no.	....	89.0	88.9	83.7	80.9
▪Dept. store sales index no.	80.2	82.3	84.6	76.6	72.1
Wholesale sales index no.	....	127.0	107.5	97.1	106.1
Country store (% change pr. yr.)	....	+8.5	+6.8	+8.8	—2.8
EMPLOYMENT Index No's., D.B.S.	June 1	May 1	Apr. 1	Mar. 1	Year Ago
All industries	120.9	114.3	111.9	113.5	113.1
Manufacturing	129.2	125.7	123.4	122.6	111.4
Wage earners, no. 000's	....	...	2,353	2,304	2,186
Living costs weekly budget	....	$17.85	$17.76	$17.75	$17.02

RAILWAYS—	1940	1939	Jan. 1 to date 1940	Jan. 1 to date 1939	% Change
▪Carloadings (week July 6)	51,907	47,146	1,351,840	1,158,098	+16.7
▪C.N.R. gross (week July 7) $	4,725,996	3,248,942	118,407,547	90,930,472	+30.2
▪C.P.R. gross (week July 7) $	3,232,000	2,355,000	78,618,000	64,162,000	+22.6
C.N.R. net revenue (May) $	3,511,934	1,473,034	10,638,876	•493,321	.....
C.P.R. net revenue (May) $	2,464,383	1,906,955	9,712,951	4,288,025	+126.5
IRON AND STEEL—(May)—					
Pig iron production (tons)	93,254	57,746	460,971	243,716	+89.3
Steel ingots and castings prod. .... (tons)	174,417	121,413	792,033	472,239	+67.7
AUTOMOBILES—(Number)—					
Passenger Cars:					
Domestic sales* . (May)	16,579	14,334	57,004	45,889	+24.2
Factory output ... (May)	12,677	11,585	63,547	59,383	+7.0
Trucks and Buses:					
Domestic sales* .. (May)	3,961	3,503	14,066	11,136	+26.3
Factory output ... (May)	8,600	4,121	29,435	19,857	+48.3
Exports .... (May)	4,276	5,496	19,594	28,717	—31.8
Financing:					
Used .... (May) $	5,410,156	4,832,390	16,594,063	13,970,786	+18.3
New .... (May) $	5,089,575	4,315,982	15,788,322	12,371,257	+27.6
CONSTRUCTION—					
Contracts awarded . (June) $	39,097,000	25,196,300	125,435,500	83,445,900	+50.3
▪Cement prod., bbls. (Apr.)	420,000	274,000	1,067,345	716,917	+48.9
AGRICULTURE—					
Flour prod., bbls. .. (May)	1,282,906	1,191,778	6,397,334	5,634,476	+13.5
Flour exp., bbls. ... (June)	509,308	401,189	3,752,006	2,223,298	+68.7
▪Wheat exp., bush... (June)	13,570,107	14,637,016	67,702,282	51,313,467	+31.9
Cattle sales▲ ...... (June)	72,661	66,012	449,560	455,161	—1.2
Hog sales▲ .... (June)	324,187	206,811	2,323,432	1,583,816	+46.7
SEA FISHERIES—‡					
Catch cwts. .... (May)	1,007,600	999,900	3,935,650	2,897,950	+35.8
Landed value ..... (May) $	1,713,000	1,818,400	4,546,200	3,813,850	+19.2
NEWSPRINT—					
▪Production, tons ... (June)	315,343	240,545	1,641,987	1,341,064	+22.4
Exports, tons ...... (May)	301,209	244,399	1,184,488	970,462	+22.0
MINING AND OILS—					
▪Coal prod., tons ... (May)	1,245,834	1,136,381	7,047,297	5,725,555	+23.1
▪Coal imports, tons.. (May)	2,372,411	793,212	4,313,023	2,494,295	+72.9
▪Gold prod., fine oz. (Apr.)	417,600	406,800	1,677,300	1,623,308	+3.3
▪Crude oil prod., bbl. (Apr.)	634,900	559,400	2,347,459	1,836,066	+27.8
▪Crude oil imp., bbl. (May)	4,864,437	3,643,726	11,238,400	9,753,800	+15.2
ELECTRIC POWER OUTPUT—(May)—					
Total monthly, 1,000 kw.h.'s	2,671,567	2,333,443	12,389,820	11,498,715	+7.7
FOREIGN TRADE—♦					
Imports .... (May)	100,536,837	72,957,808	405,395,950	257,369,917	+57.5
▪Exports .... (June)	111,062,425	77,560,799	553,151,798	408,466,341	+35.4
OTHER INDUSTRIAL FACTORS—					
Dressed lumber exp.: 1,000 bd. ft. ...... (May)	160,223	165,539	739,828	724,003	+2.1
▪Shoes, prod., pr. ... (May)	2,192,983	2,038,517	10,974,957	9,399,098	+16.7
Cotton imports, lb. .. (Apr.)	18,300,000	4,467,000	80,174,000	25,142,000	+219.2
Raw rubber imp. lb. (May)	6,699,686	6,733,998	38,312,225	25,199,737	+52.0
Cigarette cons. No.† (May)	808,275	625,868	3,125,320	2,635,322	+18.6
Sugar manufactured .. lb.‡	101,509,859	94,105,028	383,849,627	301,950,913	+27.2
FINANCE—					
Bank debits† .... (May) $	3,339,395	2,839,207	14,320,105	12,302,222	+16.4
Bond sales† .... (June) $	40,393	105,458	1,139,218	799,570	+42.5
Life insurance sales (May) $	31,779,000	30,123,000	159,838,000	146,159,000	+9.3

*D.B.S. All Canada figure covering over 90% of the Canadian total.
†000's omitted. ‡For four weeks to June 15, 1940. ♦Gold excluded.
‡Unrevised figures covering N.S., P.E.I., N.B., Que., B.C. °Final.
▲Total at yards and plants. •Deficit.
New items for week marked ▪

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40-2

Newsprint Mills Near Capacity

From Our Own Correspondent

MONTREAL.—Canadian newsprint mills operated at close to their effective capacity in June. According to the Newsprint Association of Canada the operating ratio was 89.5, which is considerably better than in any month in the last two and a half years.

The trend of operating ratio since the beginning of 1938:

Operating Ratio
Canadian Newsprint Mills

	*1940	†1939	‡1938
Jan.	68.5	59.8	65.4
Feb.	65.8	60.0	62.0
Mar.	68.6	58.6	61.0
Apr.	73.4	63.4	56.8
May	85.1	66.4	58.7
June	89.5	66.4	57.0
July	...	65.3	59.6
Aug.	...	63.0	60.0
Sept.	...	72.7	68.2
Oct.	...	77.5	72.0
Nov.	...	79.7	69.3
Dec.	...	69.1	59.3
Year	...	66.8	62.4

*Annual capacity = 4,367,690 tons.
†Annual capacity = 4,293,361 tons.
‡Annual capacity = 4,204,200 tons.

G. W. Sawin is Elected Head of Rubber Men

George W. Sawin, vice-president and general manager, the B. F. Goodrich Rubber Co. of Canada, Ltd., has been elected president of the Rubber Association of Canada, succeeding A. G. Partridge. He has been with the Goodrich Co. for 28 years. For the past four years he has been a director as well as vice-president and general manager of the Canadian company. His favorite sports are fishing and golf.

Other officers elected are:

Vice-president, re-elected, J. I. Simpson, general manager the Dunlop Tire and Rubber Co.

Treasurer, re-elected, H. C. Jeffries, president and general manager, Viceroy Manufacturing Co.

Manager and secretary, re-elected, A. B. Hannay.

Directors: A. G. Partridge, F. A. Warren, W. H. Funston, W. H. Miner, P. C. Jones.

D.F.S. Sets New Output Record

Added Facilities Permit New Products For Other Markets

A new production record was set for both the cold mill and the plate mill at Dominion Foundries & Steel Ltd., Hamilton, in May of this year. This was accomplished in spite of the fact that during this month installation was going on for the new 4-High hot mill and the new 4-High temper mill, as well as recuperators for the soaking pit furnaces. This is all part of the company's expansion programme as outlined previously in The Financial Post.

The latest issue of the Dofasco Illustrated News outlines some of the advantages of the new manufacturing facilities at the plant. Behind all of the building activity is stated to be the "vision of a greater and more completely balanced Dofasco plant."

New Products

The new cold mill widened markets by producing a different product and giving increased output for the plate mill and furnaces. Production of strip for the tin plate mill ahead of orders permits employment during the slack periods.

The method of tandem rolling in the plate mill is said to have improved quality, increased capacity by making it possible to turn out products such as gauges less than the former minimum of 3/16. Additions to the soaking pits and the new recuperator system contributed to the increase of production in the plate mill. The new temper mill in the cold roll department, in conjunction with the plate mill, makes possible production of cold rolled steels for automobiles, refrigerators, enamelware and other articles.

Directors of War—II

Drafting men of special abilities from Canadian industry, financial institutions and the Dominion civil service, there has been created a vast machine for prosecuting Canada's war effort.

To familiarize businessmen with the personnel and various functions of Canada's special war organizations, The Post in the next few weeks will publish a complete roster of these bodies of which the following is the second installment.

Department of Munitions and Supply

Minister: Hon. C. D. Howe.

Deputy Minister: G. K. Sheils, assistant general manager, General Steel Wares Ltd., Toronto.

Executive Committee:—The functions of this committee are:

To advise the Minister and the Deputy Minister on matters of policy.

To assist in the formulation and execution of plans for organizing industry.

To approve any contract for which there exists but one source of supply in Canada.

To approve any contract placed with other than the lowest tender.

To study the manufacturing or production costs involved in contracts which it is necessary to award without calling tenders.

Personnel of the Executive Committee and their positions in civil life are listed below. All are serving without salary.

Chairman, W. C. Woodward, president, Woodward Stores Ltd., Vancouver, B.C.

R. P. Bell, director, Pickfords Black Ltd., Halifax, and other companies. Mr. Bell's responsibility is to co-ordinate the entire aircraft production of the Dominion. He is also president of the Government-owned company, Federal Aircraft Ltd.

Henry Borden, K.C., barrister, Toronto.

W. A. Harrison, managing director, Estabrooks Ltd., Saint John, N.B.

R. A. C. Henry, general manager, Beauharnois Power Corp., Montreal.

G. W. Scott, chartered accountant, Montreal.

E. P. Taylor, president, Canadian Breweries Ltd., Honey Dew Ltd., Orange Crush Ltd., Toronto.

Acting Secretary of the committee is A. J. Martin, president, General Skycraft Ltd., Montreal.

* * *

Wartime Industries Control Board

For the mobilization of supplies of raw materials, controllers of metals, timber, oil and steel have been appointed. These controllers acting not only individually but collectively constitute a Wartime Industries Control Board within the Department. Their duties will be to conserve, coordinate, restrict and regulate these essential supplies. They are serving without salary.

Members of the board and the materials they control are:

Metals—G. C. Bateman, president, Canadian Institute of Mining and Metallurgical Engineering Institute, Toronto.

Timber—H. R. McMillan, president, H R. McMillan Export Co., Vancouver.

Oil—George R. Cottrelle, director, Canadian Bank of Commerce.

Steel—H. D. Scully, Commissioner of Customs.

* * *

Technical Consultants

The Department of Munitions has secured the services of the following experienced businessmen who are serving without salaries.

Leather — A. Davis, president, Davis Leather Co., Newmarket.

Petroleum—F. C. Mechin, general manager, Imperial Oil Refineries Ltd., Montreal.

Steel—C. W. Sherman, president, Dominion Foundries Ltd., Hamilton.

* * *

The general staff, directors of production and purchasing branches of the department will be listed in a coming issue.

SUGGESTIONS FOR INVESTMENT

The personal requirements of the individual in investment matters constitute an important feature of our investment service. This service is available without obligation at any of our offices.

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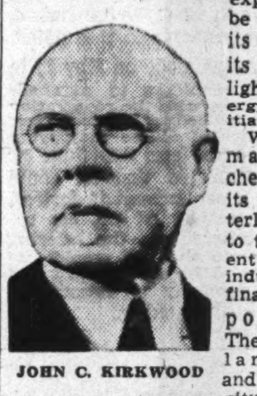
Keeping Posted . . . . . .

By J. C. KIRKWOOD

What makes a town or city grow big or important? Is it its location in respect of navigable water, railways, natural resources? Or is the explanation to be found in its citizens, in its men of light and energy and initiative?



JOHN C. KIRKWOOD

What has made Kitchener and its twin, Waterloo, grow to their present size and industrial and financial importance? These are inland places, and no better situated, in regard to railway transportation and surrounding farming activity, than are numerous other cities in both western and eastern Ontario, yet they have gone ahead remarkably. Why? The answer is given by Frederick Edwards in Maclean's Magazine.

I can imagine this story of Kitchener-Waterloo being read enviously by the dwellers in half a hundred other Ontario cities: they too will want Mr. Edwards to do a job for them.

Mr. Edwards quotes a boast of Kitchener's Board of Trade, as follows:

"Kitchener makes more shirts, builds more furniture, manufactures more tires, fashions more footwear, and tans more leather, than any other city in Canada."

Waterloo's distinction is that it is national headquarters for five insurance companies and one trust company, besides having a number of industrial plants. Kitchener has 127 factories, housing 160 industrial efforts, and Waterloo 33 factories. The names and products of many of these factories are given by Mr. Edwards.

Kitchener possesses a notably aggressive Board of Trade. From a membership of 135 five years ago the Board grew to 443 members last year. This year's president is W. Max Euler, head of the Merchants Printing Company, and son of Senator W. D. Euler. The secretary is Norman Riffer who has held his office since 1935. "What has happened since then," says Mr. Edwards, "is largely due to his persistent and tireless activity, plus the support of a hustling executive committee."

In this tribute to the Board of Trade you have the real explanation of Kitchener's — and Waterloo's — wonderful growth as an industrial city.

* * *

Houses to Order

A good many readers of the midsummer issue of Canadian Homes and Gardens will nod their heads, perhaps vigorously, as they read what the editor has to say about the house which is unlikely to give one abiding contentment. "One can understand up to a point how a public conditioned to packaged foods, yearly automobile models, ready-to-wear clothes, and so on, would prefer to shop for a finished new house," he writes. "They move in, and discover very quickly that this house was designed for quite a different family, that it doesn't meet the needs of the little growing Blanks or their parents; that their furniture refuses to fit in, and that the breakfast nook, for all its scallops, is so awkwardly placed that it is an inconvenience rather than otherwise. . . The Blanks' experience can be duplicated on every residential street in every Canadian city, and this unfortunate situation promises to continue until the public realize that pleasant, efficient homes cannot be bought off the shelf like a can of peas, but are the result of careful individual study and close supervision by skilled architects."

It is the "bespoke" or custom-made, architect-designed house which is always pictured and described in Canadian Homes and Gardens.

* * *

Must Sell to Advertise

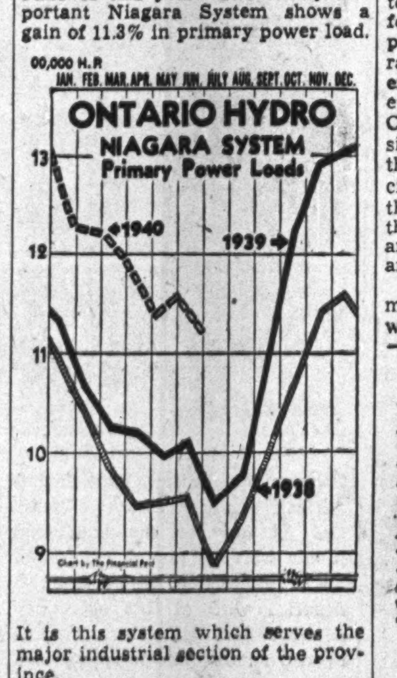
If you advertise something for sale in newspapers or magazines, including trade newspapers, you may not refuse to sell what you advertise to a would-be buyer. Thus, by way of illustration: A certain retail druggist in Montreal brought an action against firms which had refused to supply merchandise to him. The courts enjoined — so reports Drug Merchandising—these firms to fill the orders for goods which they had advertised to the trade. The court said: "A magazine advertisement containing the conditions of sale of a product constitutes an offer of sale which becomes a contract when accepted by a purchaser." The judge went on to say: "A storekeeper is bound by the price he puts on his goods in a store. That the price in this instance was contained in a magazine advertisement made no difference to the binding nature of the offer."

Probably it is this way of interpreting the law which makes it obligatory on the part of a retailer of a fur coat, which has been offered in an advertisement at $1.50—through a printer's error—to sell it for $1.50, even though the true price is $150.

Ontario Hydro June Load Up

Ontario Hydro's primary power load continues to hold well above levels prevailing at this season of any previous year. A seasonal decline is always experienced during the summer months so that comparison with immediately preceding months is not correct.

Indicative of the mounting industrial activity in Ontario is the gain of 10.3% in primary power load for June of this year. The vitally important Niagara System shows a gain of 11.3% in primary power load.



It is this system which serves the major industrial section of the province.

Northern Ontario Properties experienced an even greater gain with a rise of 13.2% compared with June, 1939. Georgian Bay system was the only one to show a decline with a drop of 3.4% compared with June last year.

Combined primary and secondary power load for June was up 4.3% from June of 1939. This gain was also due to the showing of the Niagara and northern Ontario sections of the combined operations. The other three sections show decreases when measured by the combination figures.

System	Max. 20-Min. Peak H.P. June 1940	June 1939	% Incr.
Primary Loads:			
Niagara	1,127,748	1,013,137	+11.3
East. Ontario	142,670	135,353	+ 5.4
Georgian Bay	35,178	36,419	— 3.4
Thunder Bay	97,185	90,878	+ 6.9
Northern Ont.	186,361	164,660	+13.2
All systems	1,589,142	1,440,447	+10.3
Primary & Secondary Loads:			
Niagara	1,391,555	1,279,357	+ 8.8
East. Ontario	148,021	166,747	—11.2
Georgian Bay	35,178	36,419	— 3.4
Thunder Bay	100,536	131,206	—23.4
Northern Ont.	218,399	201,289	+ 8.4
All systems	1,893,689	1,815,118	+ 4.3

AS THE present struggle is intensified, enemy action on all fronts will increase. Attempts at sabotage of industry in Canada will be more numerous.

Guard against this enemy by adequate fences around your plant. Frost Chain Link is approved by private industry and Government undertakings from Coast to Coast in Canada. You will be wise to protect your property with Frost Chain Link Fence now!

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If you live, it will make you self-supporting in your old age.

This protection or independence can be procured only while you are in good health.

Act now before illness or accident can deprive you of your opportunity.

HEAD OFFICE
TORONTO, CANADA
Established 1887

ALL PITCHES ARE NOT ALIKE

ANYBODY knows there's a whale of a difference between a pitch that makes the batter lift a pop fly to the catcher, and one that bounces right back over an outfielder's head.

And there's nobody in the roofing business—at least nobody who'll stay there—who doesn't know that there's a whale of a difference between just ordinary pitch and the kind of roofing pitch that The Barrett Company's been putting out for 86 years. That goes for Barrett Tarred Felts and the rest of the Barrett products, too.

And all you have to do is to take a look at the records of Barrett Built-up roofs which are still giving excellent service after 30, 40 and 50 years. That's proof enough! No other built-up roof can point to records such as these.

Benefit by this experience when drawing up or approving roofing specifications. With a "Barrett Specification Roof" you are assured the finest felt and pitch known to the roofing industry—the finest workmanship by Barrett approved roofers—expert supervision by Barrett roof inspectors during application—unfailing protection for years to come.

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3. Reply by telephone or telegraph.
4. Select lists of securities; express opinions; or make forecasts.

Three-cent stamp and address label from subscriber's copy of The Financial Post must be enclosed. Address letters to The Financial Post, 481 University Ave., Toronto 2.

Abitibi Preferred

I hold 6% preferred stock of Abitibi Power & Paper Co. and would like your opinion on outlook for the company. I purchased the stock at $24 a share (now about 3-4) when earnings were not nearly so favorable as today. What do you think of the proposed foreclosure proceedings, also as to the advisability of purchasing additional stock at this time to secure a better average price?

Recent monthly earnings figures for Abitibi Power & Paper Co. have shown a very strong improvement. In May this was particularly evident, and for the first five months of this year the company has more than earned depreciation and interest on its bonds, including interest on unpaid interest. Indications are the improvement will continue, as June shipments of newsprint and pulp are indicated at record levels.

Position of the 6% preferred stock can hardly be determined until it is known what the final outcome of efforts to reorganize the company will be. Just recently an effort to obtain permission to appeal against the sale order of Justice Middleton failed in Ontario courts. It is not certain yet whether or not this will mean the way is entirely clear for the sale to be held in October. It can apparently be taken for granted that representatives of junior interests will not abandon the fight as yet.

In spite of the large improvement in earnings recently, Abitibi has hardly demonstrated ability for any considerable period to meet full interest charges and depreciation on its present scale of capitalization. The current improvement is due to wartime conditions with their attendant uncertainty.

While the 6% preferred stock has to be classed as decidedly speculative, it is also true that with a stronger stock market generally, these shares would improve in price. In the event of the sale of the properties being carried out as contemplated, you will remember the 6% perferred shares would only get warrants to purchase new common, as it is expected bondholders would be able to make a successful bid for the properties.

Hamilton Bridge

Will you kindly give me information on the current position of Hamilton Bridge Co.?

Hamilton Bridge Co. started off this year showing much better earnings than had been the case in recent periods. The first three months saw sales amounting to $586,148 compared with $88,449 a year ago. Earnings in this period were more than sufficient to wipe out the deficit of $82,744 carried forward from the end of 1939.

The reorganization of last year left this company with only common shares outstanding and eliminated its obligation to pay arrears of dividends on the preferred. Chief activity during the wartime will probably be involved in the industrial expansion which is taking place throughout Canada.

Liquid position at the end of 1939, was somewhat restricted. The company apparently hopes, however, to be able to build up its working capital without having to issue the serial bonds authorized.

It would generally seem that continuation of the present industrial pace in Canada would mean a fair amount of business for this company. In connection with its reorganization of last year, there were certain changes in management made and a new general manager was appointed. The new management has hardly had time yet to show what it can do, but it is possible more aggressive policies will be adopted.

Saskatoon Bonds

I am considering the purchase of city of Saskatoon 5½% bonds maturing in 1952. Would you consider these a conservative investment?

Saskatoon bonds can hardly be regarded as high-grade securities, but they enjoy a good standing in comparison with bonds of other western cities. The city has enjoyed good management and has avoided any suggestion of default despite adverse conditions.

Improvement in economic conditions of Saskatchewan during the past 18 months has improved outlook for these bonds. Conditions in the area surrounding Saskatoon had not been very good for some years prior to that.

Current financial position is probably the best since the early depression years. Revenues are being maintained and expenditures held down. Net debenture debt of $6.6 millions at the end of last year showed a reduction of about $450,000 from 1938. A sinking fund of $7.2 millions is held and earnings on this account totalled only $98,603 at the end of last year. Bank loans have been steadily reduced and totalled $843,440 at the end of last year. Deficit of $2,012 for 1939 compared with $33,452 in 1938.

Pacific Power & Water

Will you please tell me if Pacific Power & Water 6% prior preferred shares are a sound investment?

Pacific Power and Water Co. operates electric light and power, telephone and domestic water services in Chilliwack and Okanagan districts, B.C.

Earnings for year ended June 30, 1939, more than covered dividend payments on the 6% prior preferred stock. Dividend requirements were $3 per share, while earnings totalled $7.69.

However, judging from the fact payments on the 7% second preferred stock have now fallen in arrears 87½ cents per share for the first time since the company was organized in 1935, it would be indicated that results for year ended June 30, 1940, were not as favorable. Added to this is the fact that earnings for the last six months of the latest fiscal year will be subject to the new excess profits tax.

It should be noted that for year ended June 30, 1939, the auditors drew attention to the failure to amortize book value of franchises, rights and other intangibles and deferred charges. They also mentioned that depreciation of plant and equipment appears to be inadequate and questioned the inclusion of $27,689 as a receivable among current assets because of the financial position of the debtor company, an affiliated concern.

The company made a change in its board of directors earlier this year. E. A. Riddell is now president. Other members of the board are B. H. Dunning, Leon Ladner, K.C., Colonel E. B. Westby, all of Vancouver and Ross Peers, Chilliwack. It is too early, however, to say whether the changes will work to the advantage of the company.

In the past the company has always met dividend payments on the 6% prior preferred stock. Latest payment was 75 cents per share distributed on May 1, last.

The company serves an agricultural district primarily engaged in the production of fruit. The war has adversely affected this industry and the outlook is less encouraging.

Walker Salt

Can you tell me what happened to the Walker Salt Corp. of Windsor, Ont?

The Walker Salt Corp. was wound up in 1937 by the Trusts and Guarantee Co., Toronto. The estate did not realize enough to pay bondholders in full and the shares which you state you hold are said to be worthless.

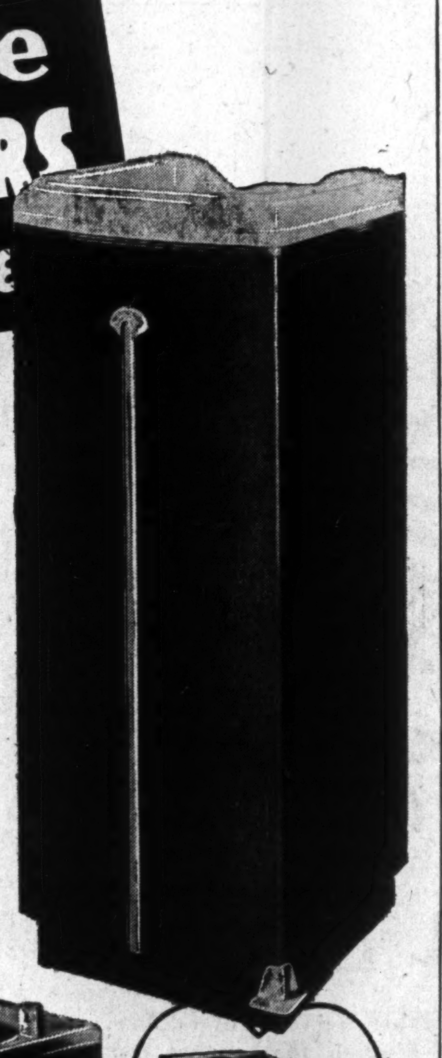
Inter-State Royalty Report on Position

From Our Own Correspondent

MONTREAL.—Inter-State Royalty Corp. reports on the Montreal Curb Market that at June 30, 1940, the company's investments in all royalties had a book value of $1,070,180.

During May the corporation had a gross royalty income of $5,733. This brings revenue from royalty income since acquisition up to $500,851. The reserve for depletion at the end of May totalled $137,734.

Westinghouse WATER COOLERS for Every Type of Service



Make more friends per gallon the modern, inexpensive way . . . with Westinghouse Water Coolers. The right type and capacity for every requirement—the Westinghouse Water Cooler promotes health and efficiency, builds friendly relations and quickly pays for itself. The de luxe model, shown at right, has modern streamline all-steel cabinet in rich brown trimmed with chromium; cream-colored porcelain top, obstruction-free with built-in Ped-a-trol bubbler (controlled by touch of the toe) and black base—recessed for toe room.

For full particulars and prices write:

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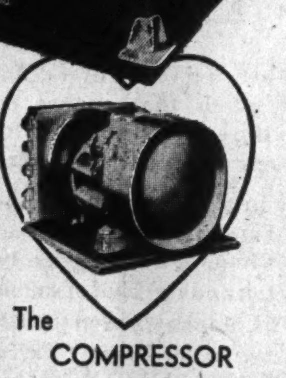
HAMILTON, ONT.

Thrift Model, Pressure Type — Thrift Model, Bottle Type — Streamline Model, Pressure Type



The COMPRESSOR

The Heart of the System

Westinghouse Hermetically-Sealed Compressor eliminates trouble-making Belts, Pulleys, Gaskets, Shaft Seals and Commutator Brushes!

Sealed in steel against wear, rust and corrosion.

Permanent sealed-in oil supply.

Built-in Watchman automatically guards against motor damage or burnout.

Westinghouse

Balance Sheets of Business — XII

Paint & Chemical Companies

As twelfth in a series of studies that will ultimately present a balance sheet analysis of Canadian business as a whole, The Financial Post publishes this week a special survey of companies operating in the paint and chemical industries. The analysis is based on the leading concerns in which there is a public investment interest.

By R. M. COPER

Surveyed this week is a group of companies manufacturing a wide variety of products. Only two firms are engaged in the same field, Brandram-Henderson and Sherwin-Williams, which are both makers of paints and varnishes. Canadian Industries Ltd. also has a division, consisting of several plants, in this line.

On the whole the paint and chemical industries form one of the major industrial groups which are comparatively undeveloped in this country. According to the gross value of its output the paint and varnish industry holds the last but one place among the 40 most important Canadian manufacturing industries. Other chemical industries, representatives of which are included in our survey, are still farther down on the list.

This survey includes the accounts of the following companies:

Ault & Wiborg.
Brandram-Henderson.
Canadian Industries Ltd.
Dominion Tar & Chemical.
International Bronze Powders.
International Paints.
Sherwin-Williams.
Standard Chemical.

C. I. L. Important

C. I. L. accounts for 49% of the outstanding stock (preferred plus ordinary) as shown in the adjoining table, and for approximately the same percentage of the total figures of the group. This company's net profit rose more in 1939 than that of the average of the other firms, but all companies had considerably improved business last year, and the net profits of all of them increased. The annual reports state in all cases that prospects for the current year are favorable, and that a further improvement of earnings is anticipated.

Net profits of the group, before dividends and after depreciation, were over the last four years as follows:

Net Profits

	$		$
1939	8,123,300	1937	7,476,985
1938	6,290,161	1936	6,010,121

Note:—Slight discrepancies between these figures and those of the main table are due to Standard Chemical deducting dividends paid from its accounts the year after they are paid.

Depreciation Policy

With one exception, where depreciation charges declined insignificantly, these charges have increased in all other companies, indicating that they are occasionally used as a way of complementing profit policies. On the whole the charges seem to be still relatively low as compared with those in other manufacturing industries. In per cent of the balance sheet values of properties, plant, etc., depreciation charges were as follows:

Depreciation Charges

	%		%
1939	4.5	1937	3.7
1938	3.6	1936	4.5

In only one case during the period under review had a company of the group an actual operating loss (Brandram-Henderson 1938), but this only after making full allowance for depreciation charges which exceeded the only nominal loss many times.

Dividend Payments

Three companies (Ault & Wiborg, C. I. L., International Bronze Powders) have regularly paid ordinary dividends for the last four years, a fourth (Standard Chemical) for the last two years. No other companies have paid ordinary dividends. In 1939 the dividend-bearing ordinary stock amounted to 72% of the total outstanding ordinary stock of the group.

Six companies have preferred issues; they are all up to date with interest payments, and there are no accumulated arrears. Also the three funded issues in the group are intact after the 1936 reorganization of Brandram-Henderson, in which the interest on $825,000 6% mortgage bonds was made non-cumulative until 1941. No payment has been made since.

Cash on hand, accounts receivable, and inventories have considerably increased on account of improved business conditions. The same tendency is reflected by the figures for accounts and taxes payable. But the current liabilities rose relatively more sharply than the current assets, and thus the ratio between the two declined although working capital increased in absolute figures. The ratio between current assets and current liabilities has developed as follows:

Working Capital Ratio

1939	4.51—1	1937	5.51—1
1938	6.13—1	1936	5.24—1

Composite Balance Sheet Paint & Chemical Companies

	1939 $	1938 $	1937 $	1936 $
Assets				
Cash on hand	4,839,648	3,902,168	2,153,314	3,768,936
Accounts receivable	9,446,337	7,261,981	7,150,343	6,741,399
Temporary investments	4,753,377	5,681,710	7,665,581	8,750,206
Inventories	14,892,750	12,935,436	13,214,616	11,483,015
Misc. current assets	44,719	45,198	44,478	40,713
Invest. in subsidiaries	2,192,091	1,914,759	1,754,643	1,236,220
Other investments	3,784,874	3,766,288	3,939,068	4,249,200
Properties, plant, etc	41,902,567	42,434,319	41,157,526	39,193,405
Misc. fixed assets	1,318,955	1,289,915	1,226,524	1,727,357
Total assets	83,175,318	79,231,774	78,306,093	77,190,451
Liabilities				
Banks	350,000	330,000	230,000	260,000
Accounts payable	4,433,158	2,614,015	2,999,696	2,460,334
Provision for taxes	2,042,362	1,454,403	1,724,999	1,336,123
Misc. current liabilities	701,324	468,338	532,325	1,822,052
Funded debt	5,272,600	5,492,067	5,721,267	5,931,000
Other long-term debts	1,220,740	1,643,641	1,090,867	1,000,336
Reserves	4,655,808	4,301,597	3,882,117	3,594,111
Preferred stock	16,934,600	16,980,600	17,035,000	17,035,000
Ordinary stock	21,662,330	21,256,905	20,680,652	20,167,643
Cap. and distrib. surplus	24,402,556	23,857,526	23,425,044	22,595,922
Year's surplus	1,499,840	832,682	984,126	987,930
Total liabilities	83,175,318	79,231,774	78,306,093	77,190,451
Current asests	33,976,831	29,826,493	30,228,332	30,784,269
Current liabilities	7,526,844	4,866,756	5,487,020	5,878,509
Working capital	26,449,987	24,959,737	24,741,312	24,905,760
Depreciation charges	1,893,387	1,565,663	1,530,899	1,773,809
Bond interest	197,143	205,210	213,805	285,207
Preferred dividends	1,073,245	1,075,375	1,084,303	763,993
Ordinary dividends	5,559,534	4,400,743	5,408,556	4,258,198

Montreal Power Output Rises

From Our Own Correspondent

MONTREAL.—Reflecting further improvement in economic conditions, Montreal Light Heat and Power Cons. reports electricity output in the Montreal area during June at 100,486,810 kw.h. This represnts an increase of 11.88% over the same month last year.

For the firsl six months of the current year, output totalled 653.8 million kw.h., an increase of 11.72% over the 585.2 million kw.h. for the same period in 1939.

Gas Sales Higher

Gas production last month at 418.6 million cu. ft. was 1.16% greater than in June, 1939.

For the current half year gas production at 2,534 million cu. ft. was up 65.4 million cu. ft., or 2.63% over the same period a year ago.

This higher rate of consumption is reflected in increased gross revenues of the company, but it was pointed out by John S. Norris, president, that costs, particularly taxes, also have advanced. In the matter of taxes alone, there will be an increase in 1940 of from $1.5 million to $2 millions over 1939. As a result, the heavier consumption is not being reflected in the power company's net earnings.

Job Insurance Plan Advanced

C.M.A. Suggests Purchase of War Savings Stamps to Form Fund

An unemployment insurance plan suggested to its members by the Canadian Manufacturers' Association is based on the purchase of war savings stamps by employers and employees co-operatively.

The plan briefly is as follows:

War savings stamps would be bought at the rate of $1 per employee weekly, the employer to contribute 25 cents a week for each worker and the employee 75 cents. This would mean $52 a year for each steadily employed worker.

When the individual amount reached $100, maximum suggested, the War Savings Stamps or Certificates would be exchanged for an Unemployment Reserve Certificate of the same amount and bearing interest at 3% payable annually, or semi-annually if preferred.

When Unemployed

In the event of involuntary unemployment, the employee may present his Unemployment Reserve Certificate as security to any bank and borrow on it not more than $10 weekly while unemployed at 3% interest, the same rate as the certificate bears.

On returning to work, deductions from pay and contributions by the employer would be resumed until the bank loan was paid and the Unemployment Reserve Certificate restored to its owner at full value.

The letter points out that while many steadily employed people might object to paying 25 cents weekly to a fund from which they expected to draw nothing, they would welcome an individual savings plan of 75 cents a week, paying interest at 3%, with a contribution by the employer. For employees earning less than $15 a week it is suggested the weekly savings might be reduced, taking a longer time to reach the $100 figure.

Advantages Claimed

Advantages claimed for the plan include:

Contribution of money for war purpose which might not be obtained otherwise.

No contribution by the Government.

A perpetual reserve for the individual with no deductions from pay after $100 is reached.

No contributions for other persons' unemployment.

Improved employer-employee relationships.

Canada Wire Builds Plant

New Montreal Unit Will Produce Brass For Government

From Our Own Correspondent

MONTREAL. — Canada Wire & Cable Co. has undertaken the construction, on behalf of the Dominion Government, of a new plant on the Island of Montreal to produce brass.

The capital cost involved in this work has not been made known by the Government, except to say that it will cost "several millions of dollars."

Both the plant and equipment installed in it will be owned by the Canadian Government, but it will be operated by the Canada Wire & Cable.

The output will include brass sheets, bars and discs, which are widely used in all forms in the manufacture of war materials. The output will go to the Government on a cost basis.

George Weston Earnings Equal $1.51 Per Share

Earnings per share on the common stock of George Weston Ltd. in 1939 were equal to $1.51 per share, not $1.12 as shown in the last issue of The Financial Post. The latter figure was included in the story "New Tax Hits Dividends" which discussed the possible effect of the new excess profits tax upon this company's earnings.

This company is paying regular 80-cent dividends on its common. On the basis of the new taxation, 1939 profits would have equalled $1.20 a share.

C·W. Lindsay Offer Not Exercised

Trust Company to Return Securities to Holders

From Our Own Correspondent

MONTREAL.—Offer of A. L. Mailman, of Montreal, to purchase the outstanding bonds, preferred and common stocks of C. W. Lindsay & Co. will not be exercised, it is stated.

The offer was made on May 27 to Lindsay shareholders to purchase their securities, with the reservation that he might decline to take up any of the securities unless they were all deposited not later than June 30. He also stipulated that he could take up a lesser amount if desired.

The Montreal Trust Co. has received a letter from the offering party to state that he would not take up any of the shares and asked the trust company to return the securities to the holders.

THE ONTARIO LOAN AND DEBENTURE CO
LONDON, CANADA
Established 1870
DEPOSITS ACCEPTED — 5-YEAR DEBENTURES ISSUED
Deposits and Debentures (31 Dec., 1939), $11,793,464
Capital (Fully Paid), $2,000,000 — Reserve Fund, $2,400,000

Commander and Mrs. Gatti —from the frontispiece of their book, "Great Mother Forest," published by Charles Scribner's Sons.

the trucks are standard chassis, as sold by International dealers.

The beautiful living room and observation-dining car, with library, desk, and bar. Note indirect lighting, telephone, and two-way radio. There are also two perfectly appointed bedrooms and an all-electric kitchen.

"These crude African dirt roads are flooded by the rainy seasons and amputated in long stretches by maddened streams; thrown up and down crazy mountain chains in unbelievable hairpin turns and climbs."—Commander Gatti.

Commander Attilio Gatti, famed African explorer who two years ago set out for the equatorial jungle with his luxurious "Jungle Yacht" expedition, has returned to America with all his objectives accomplished. He returns, moreover, from his tenth Congo venture with a world of praise for his five International Trucks.

Commander Gatti writes International Harvester: "I do not know what importance you attribute to my testimony, but I assure you I do not give it lightly. I could not exaggerate my great admiration for this so perfect performance! The work of these trucks is what I had dreamed of so many years in Africa.

"In my nine earlier expeditions I had tried so many trucks and suffered with so many. Always there was chronic grief and trouble . . . But finally at Nairobi my eyes were opened when I first used an International, and it was a *second-hand* truck. That battered old vehicle had already lived through years of terrible African punishment when I bought it for a song and put a native driver on it. But what I then saw from day to day was truly a revelation.

"That is why the 'Jungle Yacht' expedition *had to be* International-powered. I congratulate myself, and I congratulate your company on a magnificent product!"

Write for free booklet covering Commander Gatti's long career on the Dark Continent. It contains 74 illustrations and is packed with information about the mysterious African interior.

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CONFUSION or CONFIDENCE
Which will be associated with your estate? You alone have the power to decide. Confusion by the appointment of unqualified though well meaning executors, or confidence by the appointment of a reliable fully experienced and permanent trust company.

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Montreal Trust Building
61 Yonge Street — Toronto
J. F. HOBKIRK, Manager

Niagara Wire Net Set At $2.19 Per Share

Niagara Wire Weaving Co. reports net profit for the year ended March 31, 1940, equivalent to $2.19 a share on its common stock. This compares with $1.19 a share for the previous year. Net profits of $252,361 compare with $136,648 a year ago. Working capital has increased from $577,282 to $632,559. Dividends paid last year totalled $1.35 a share compared with $1.25 a share for the year ended March 31, 1939.

Net profits reflect increased activity in Canadian paper mills, according to E. J. Buell, president. Directors had authorized installation of wire drawing equipment prior to outbreak of war as a protection against interruptions in supply of materials. Mounting costs of importations from the United States have made increases in this department desirable. Savings are said to fully justify the expenditure made.

A Home that Savings Built
Savings are not just money . . . they are houses, farms, travel, enjoyment of life. Money is only the means to an end. The owner of this home used the facilities of the Canada Permanent to accumulate the money with which to build; and his savings paid for it over a period of time. Thousands are doing the same. Canada Permanent is ready to help you also to SAVE and BUILD. Its faith in the future of Canada has remained unswerving since 1855.
CANADA PERMANENT Mortgage Corporation
Head Office, 320 Bay St., Toronto
ASSETS EXCEED $69,000,000

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Eighteen Bargains in Working Capital

By A. D. ELLWOOD
Staff Writer, The Financial Post

How would you like to buy the shares of a company in which you got as a bonus its plant, buildings, land, goodwill?

If you could buy a company on the stock market for less than the value of its net working capital, would you consider that you were getting a bargain?

Such a deal is possible today with at least 18 established Canadian companies. Some of these are paying dividends and have been doing so regularly for years. They are active in a variety of industries. A few of them rank among the leaders in essential industry.

A Decided Advantage

Adequate working capital is a decided advantage to company operations. During periods of active business, such as are generally being experienced at present, it means ability to finance the larger volume of business without recourse to heavy bank borrowings. It means ability to take advantage of purchase opportunities to acquire necessary materials or equipment, and take advantage of cash discounts. It means a guarantee to customers that the company will be able to stay in business and complete its contracts on time.

All these are specific advantages which a company lacking working capital does not have.

Undervalued Shares

In an important sense, the fact that a stock can be bought for less than the equivalent of working capital per share indicates that it is undervalued, a condition unusually prevalent today.

This does not mean that a shareholder can present his stock to the company and get a greater value in cash, accounts receivable, inventories or other items regularly included in current assets. They cannot cash in their shares with the company for more than they can get by selling them on the stock exchange.

For all of these companies are continuing in business. They need this working capital. It is a vitally important guarantee of ability to continue.

Financial strength is only one of many factors that go to make a stock an attractive investment. Earning power is essential. A company that habitually reports losses may be more of a liability than an asset, no matter how much working capital it may have.

Earning Power Present

In the list of 18 companies studied here, only three of them reported losses in their latest annual reports. The other 15 had profits available for their shareholders. Seven paid dividends. Even for the companies which had losses last year, the quickened pace of industrial activity can readily convert this into profits for 1940.

The question of the Excess Profits Tax on these companies has to be considered. Like other cases, this tax will tend to limit the extent of gains in earnings. Its purpose was partly to stabilize Canadian industry, preventing too great advantage being taken of the impetus which government war buying is giving industry.

In the accompanying table, net working capital represents the excess of current assets—cash, accounts receivable, inventories and other liquid items—over current liabilities which include bank loans, accounts payable and other bills that must be met within the next few months.. Where a company has bonds or a senior stock outstanding, these have been deducted at redemption, or liquidation, prices from net working capital. The balance, divided by the number of shares outstanding, gives the equivalent of net working capital per share.

Individual reviews of the companies referred to follow:

Amalgamated Electric Corp. makes a variety of electric wiring devices and equipment. It manufactures and sells in Canada Cutler-Hammer motor starters and electrical equipment. Northern Electric Co., a subsidiary of Bell Telephone Co. of Canada, owns sufficient stock to give it voting control. Reorganization in 1939 eliminated the preferred stock on which arrears of dividends existed and left only the common share capital. No dividends have been paid yet on the new capital. Continued improvement is expected in 1940. Excess Profits Tax would have reduced last year's earnings from 67 cents a share to 50 cents.

W. D. Beath & Son is an engineering and manufacturing company producing steel containers of various kinds, truck bodies, pumps, hydraulic hoists, road machinery and service station equipment. It has been making bodies for transport equipment being turned out for the Canadian army by General Motors and Ford. Decided improvement was shown in 1940 sales in the first quarter and a further increase is anticipated by the company. Shares are inactive.

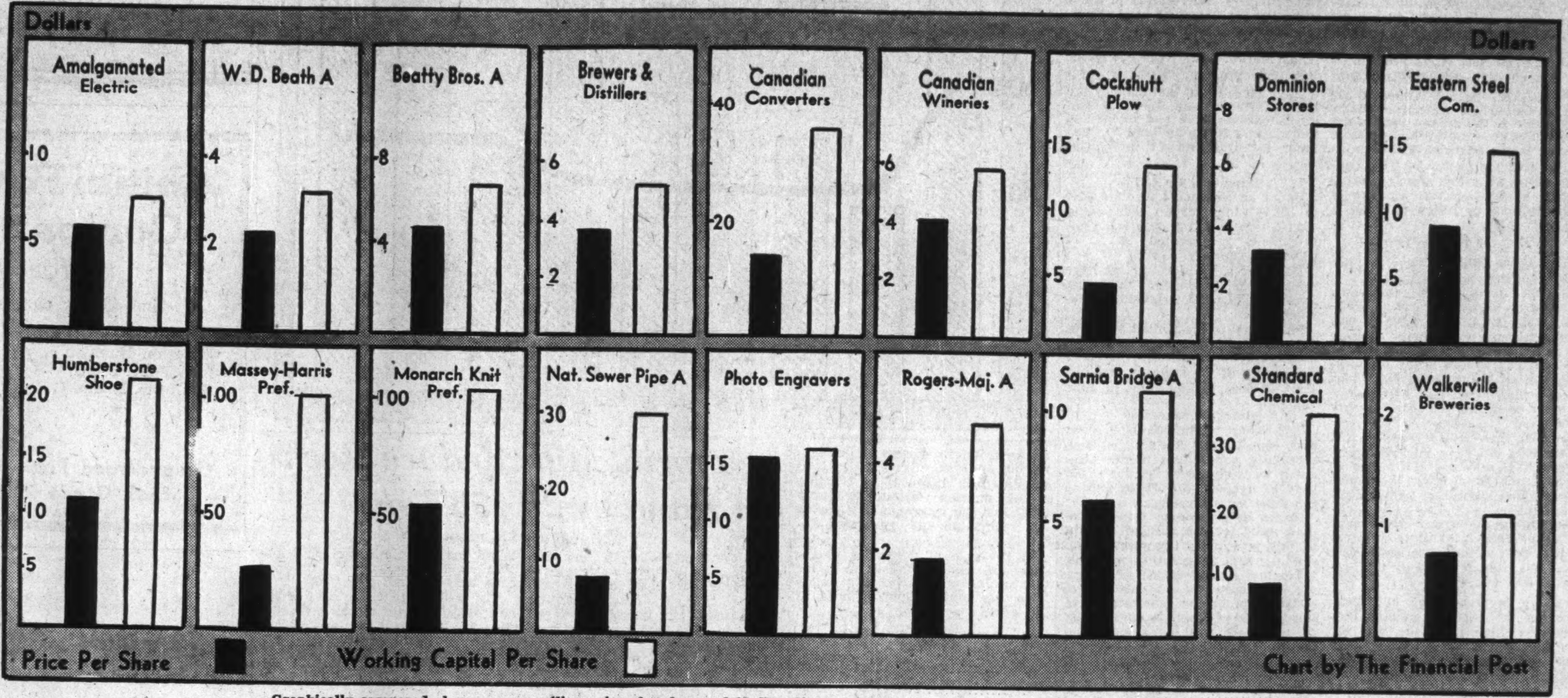
Beatty Bros. Ltd. has two major lines of goods. Main dependence in recent years has been on household electrical apparatus such as washing machines and vacuum cleaners. Its other major line goes chiefly to the farmer and includes a wide variety of farm equipment. Sales showed a good increase for the first six months of the current year and net profits for the year ending August 31, 1940, should exceed those of last year, subject to the necessary tax adjustments. Exports are important to Empire countries and this section of the business has been more difficult since the outbreak of war. The company is Canada's largest maker of domestic washing machines.

Brewers & Distillers of Vancouver is a holding company with subsidiaries engaged in the beer and liquor trades. It has sold its inventory of American type whiskies, last installment being taken into last year's accounts. Dividends have been paid on its share in each of the past three years. Working capital includes over $1¼ million in cash and bonds. Excess Profits tax last year would have reduced earnings per share from 91 cents to 53 cents.

Canadian Converters' Co. makes shirts, collars, overalls, underwear ladies' and children's dresses and similar items. It does not make the cloth itself but purchases it from other concerns and "converts" the cloth into wearing apparel. Sales last year were up about 30% over the preceding year. At the annual meeting in June, the president told shareholders that operations in the next six months will be better than last year. Current operations are at 85% of capacity, a rate well above this time last year. Government orders have contributed to this showing. Last dividend was paid in 1937.

Canadian Wineries, Ltd., is a leading maker of native wines in Canada. Its plants have been improved and modernized in recent years and brands of wine increased. Outlook for native wine makers is improved by the war shutting off supplies from practically all of Europe. Sales and earnings were higher in the year ended April 30, 1940.

Cockshutt Plow Co. is a leading maker of farm machinery, selling primarily in this country but with about 20% of sales made in export markets under normal conditions. Business for the first half of the current year was well ahead of 1939 with the major part of the improvement taking place in Canada. Heavy write-offs against uncollectible accounts are said to have placed this item in excellent shape. Collections rose last year as farm income improved. Excess Profits Tax would have reduced last year's earnings from 19 cents to 16 cents a share.



Graphically compared above are prevailing prices for shares of 18 Canadian companies and the equivalent of net working capital per share for the same stocks. In each case, there is more working capital behind each share than it will bring on the market today — in some cases several times as much. Conditions such as this are multiplied when stock prices are unduly depressed and obviously result in undervaluation of securities.

Eighteen Bargains

Company	Stock	Price	—Working Capital— Total	per share	Latest earnings per share	Divd. paid latest year
		$	$	$	$	$
Amalgamated Electric	Com.	5.50	624,772	7.41	.67	nil
W. D. Beath	A	1½B-3A	309,448	3.09	*.061	nil
Beatty Bros.	A	4.50	4,429,507	6.62	.53	nil
Brewers & Distillers..	Com.	3.50	2,940,056	5.09	.91	.75
Canadian Converters .	Com.	14.25	613,810	35.41	3.59	nil
Canadian Wineries ...	Com.	4.00	671,768	5.89	.42	.40
Cockshutt Plow	Com.	4.50	4,059,071	13.50	.19	nil
Dominion Stores	Com.	3.00	2,041,863	7.29	*.45	nil
Eastern Steel	Com.	9.00	896,910	14.80	1.13	1.00
Humberstone Shoe...	Com.	11.00	439,796	21.99	.72	1.00
Massey-Harris	Pref.	25.00	23,346,088	100.23	5.83	nil
Monarch Knitting	Pref.	60.00	833,141	111.08	3.18	nil
National Sewer Pipe..	A	7.00	816,347	29.41	*1.05	nil
Photo Engravers	Com.	15.50	465,318	15.51	1.60	1.50
Rogers-Majestic	A	1.75	991,540	4.96	.35	nil
Sarnia Bridge	A	6.00	133,913	11.16	.29	nil
Standard Chemical ...	Com.	8.00	954,490	34.99	1.54	1.25
Walkerville Brewery..	Com.	.75	382,185	1.02	.08	.02½

* Deficit.

Dominion Stores Ltd. is one of Canada's leading grocery chains, having 378 stores in operation at the end of 1939 and reporting total sales of just under $20 millions last year. Extensive changes in merchandising methods, such as modernization of stores, extension of goods handled to include vegetables and meats in additional stores, adoption of self-serve units as an experiment, are features of the management's efforts to restore former substantial earning power. Unprofitable stores are being closed and other larger units opened. Excess profits taxes should not be a serious problem for this company which would show a substantial average loss during the base four-year period.

Eastern Steel Products, Ltd., makes sheet metal products, building materials, building hardware, roofing, ventilating systems and similar products. Sales for the early months of 1940 were 50% above those of the corresponding months of 1939. Direct war orders played no part in this gain. Redemption of the former 7% preferred issues and sale of a 5% stock last year, resulted in annual savings of $5,000. Dividends of $1 a share have been paid on the common in each of the past three years.

Humberstone Shoe Co. specializes in children's footwear, although also making lower-priced shoes for men and women. Sales and profits for the first eight months of the year ending July 31 were above those of the same period a year ago. Net profit for this year may reach the 1938 level of $1.36 a share. Dividends have been paid on the common each year since the company was formed in 1926 although reduced in the past two years in line with lower earnings.

Massey-Harris Co. is the Empire's largest manufacturer of farm machinery. Approximately one third of its business is done in Canada, another third in the United States and the balance in Empire and other export markets. Factories in Germany and France are now in enemy hands. Sales of the six months ended May 31 were approximately 6% above the same period a year earlier, without including any sales this year from Continental Europe. The company is making parts for the Avro Anson planes being manufactured in Canada and has an order for artillery shells. The preferred stock had arrears of $45 a share at Nov. 30, 1939. Excess Profits Tax last year would have reduced earnings on the common from 14 cents to less than one cent a share.

Monarch Knitting Co. makes heavy and fancy knitted goods, lingerie and hosiery, as well as a complete line of staple and novelty yarns for hand knitting. Last year military orders accounted for 3.6% of total sales but this proportion will probably be larger this year. Total sales last year were 29.8% above the previous year. Preferred dividends were resumed with the payment of $7 a share in February this year, first payment since April, 1938, when $1 a share was paid. Arrears on this stock amount to $56.16-2/3 a share after the February payment.

National Sewer Pipe Co. finds its chief market with Canadian municipalities which are constructing sewer or drains. As this type of work has been greatly curtailed for a number of years, losses have been reported for each of the past seven years. This company should have little trouble qualifying as a depressed business under the Excess Profits Tax Act.

Photo Engravers & Electrotypers Ltd. produces engravings, electrotypes, stereotypes, commercial photography and commercial art work of all kinds. A 10-year contract with Robert Simpson Co. to do that company's art work, printing and engraving expires in 1941. Dividends of $1 a share have been paid each year since 1934 with a bonus of 50 cents a share paid March 1 of this year.

Rogers-Majestic Corp. is Canada's largest maker of radio receiving sets and also makes a line of other household electrical apparatus. It has just issued its annual report showing net profit of $76,000 against a loss of $164,000 a year ago. Liquid position has also been substantially improved, partly through the elimination of out-of-date models in inventories. Sale of radio receivers was stimulated by the outbreak of war but imposition of a 10% tax may hold further gains to lower proportions. Unless special consideration was obtained, maintenance of last year's earnings for the current period would leave the company subject to heavy Excess Profits Taxes as its four-year average earnings are low.

Sarnia Bridge Co. operates a plant making structural steel shapes, bridges, steel roof trusses, sashes and other related items. Although the company showed a substantial working capital at the end of 1939, actual liquid resources were low and the president hinted that a mortgage to raise capital might be necessary.

Standard Chemical Co. makes wood alcohol, formaldehyde, acetone, acetic acid, charcoal, lime and other products in Ontario and Quebec. Increased demand for the company's products has been created by war activities. Sales in the year ended March 31, 1940, were higher than in any recent year. Dividends were resumed in 1939 after cessation of payments in 1932.

Walkerville Brewery Ltd., in addition to its Canadian markets, started in 1939 to cultivate exports to Trinidad, Jamaica, British Guiana and Barbados. Sales in 1939 were said to have increased. Dividends of 2½ cents a share had been paid quarterly for 1938 but no payments have been made since April, 1939. Bank loan was paid off last year, probably as a result of the cash saving resulting from cessation of dividends.

War Rechannels Our Foreign Trade

By D. G. MacLEAN
Staff Writer, The Financial Post

Sweeping changes in Canada's export trade have been produced by 10 months of war.

The total volume has risen 25% above the level of the corresponding months a year before. But the movement has been very uneven.

Sharp gains have been shown in sales abroad of some goods such as flour, wheat, newsprint, lumber and various iron products. But equally sharp declines have been shown in other lines such as washing machines, electric refrigerators, silk stockings, and office machinery such as adding machines.

Broadly, exports of necessary goods have increased while exports of non-essentials or those which various governments have decided are non-essentials, have fallen off. In some cases the effect on employment would have been serious had it not been possible to make up the decrease in the home market or by turning the plant to war supply production. In others, it is feared operations will have to be seriously curtailed.

Important Factors

Since the outbreak of war, main factors affecting export trade have included:

Wartime needs of Britain and her allies.

Wartime restrictions on imports by practically all Empire and allied countries, to conserve exchange.

Disappearance of a number of countries from Canada's trading orbit, either because they were enemies (Germany and Italy) or because they came under enemy influence (Poland, Scandinavia, Holland, Belgium and France). However, these countries have also been removed as competitors in the world markets.

Other factors affecting export trade generally include difficulties in getting sea transportation at the right time, and higher costs due to increased ocean freight rates, war risk insurance, etc.

Foreign Exchange Control Board regulations also have to be observed. Exporters generally say the Board has shown wonderful co-operation, yet the very existence of certain unavoidable regulations as regards invoicing, etc., does not make the work of the exporter any easier.

Essentials Required

Wartime needs of Great Britain, other Empire countries and, until recently, France, have included commodities such as wheat, flour, bacon, cheese, base metals, asbestos, lumber. The movement of these essential goods has either been maintained or increased. That of non-essentials generally declined as indicated in the table.

Trend of Canadian Exports Since Start of War
***Classed as War Essentials**

	Oct. to March Incl. 1939-40	1938-39
Wheat, bush.	95,063,141	74,432,057
Flour, bbls.	3,919,901	2,402,617
Bacon, cwt.	1,507,424	851,835
Sawn lumber, 1,000 ft.	963,967	876,063
Newsprint, tons	1,193,492	1,061,396
***On Restricted List**		
Washing machines ..	$270,910	$617,625
Adding machines	329,790	366,322
Electric stoves	360,468	508,029
†Skates	223,124	183,191

*So classed in Empire countries. Figures show exports to all countries.
†Increase was due to increased demand from the United States, exports to United Kingdom and continental Europe falling sharply.

The result has been that industries producing these goods have been busy. Canadian flour mills, for instance, have been running close to capacity for many months. The packing industry, producing bacon, has been well employed. So has the lumber industry.

Desire of the people of the United Kingdom to produce as much of their food as possible at home has resulted in a strong demand for agricultural implements. Accordingly Canadian exports have been increasing.

Manufacture and export of munitions and military equipment do not come within the scope of this article. However, in recent months these are understood to have been increasing.

The factor of wartime restrictions, including foreign exchange regulations, has had the tendency to curtail export trade.

At the outset of the war it was realized that all the allied countries would have to make substantial purchases in other countries, especially in the United States. Purchases had to be made on a cash basis. Consequently some way had to be found of conserving dollar exchange to finance them.

The United Kingdom promptly in September adopted a number of import restrictions. These regulations, which prohibited the importation of a wide range of goods except under licenses issued by the Board of Trade, affected Canada directly.

The comprehensive list included glass and glassware; office machinery, including typewriters, accounting machines and cash registers; washing machines; vacuum cleaners; paints; dyestuffs; vehicles, including motor cars; bicycles, tricycles, etc.; brooms and brushes; furs; toys; umbrellas; biscuits; canned fish; vegetables.

Later amendments were passed, in some cases making the terms of admission of certain articles more liberal and in others making them stricter. For instance early in 1940 the importation of canned fruit and vegetables was prohibited.

Australian Policy

Australia also found it necessary to take drastic action to protect her exchange.

Under regulations first adopted in December it was provided that restrictions would not apply to goods imported from any part of the British Empire except Canada, Newfoundland, and Hong Kong. This put Canada, which is not in the sterling bloc, outside the list of Empire countries as far as Australian trade is concerned.

Goods were then graded into four classes—A, B, C and D. Authority was given to grant licenses to importers to bring in goods in classes A, B and C not exceeding the value of imports of the same goods in 1939. Licenses for goods in category D, it was provided, would not be issued except in very special cases.

The list of prohibited D items included items of interest to Canada such as certain lines of cottons, gas cooking appliances, iron angles, tees and bars, fencing, electric stoves and cookers, washing machines, electric refrigerators.

Moves by New Zealand

Even more drastic regulations had been adopted by New Zealand previous to the war. These prohibited imports of biscuits, pickles, cigars, carpets, boots and shoes, lawn mowers, electric irons, cooking and heating apparatus, various types of machinery, paint, lumber, vacuum cleaners, furs made up into apparel, rubber and canvas hose, carpet sweepers and floor polishers, woodenware except clothespins.

Importation up to a certain percentage of the previous year's imports was allowed of soap, pneumatic tires, most classes of textiles, wood pulp board, mill board, hardware, electric motors, electric ranges, newsprint papers, rough sawn timber, veneers, and bolts and nuts.

In other Empire countries exchange regulations were formulated but in some of these such as South Africa they have not been rigidly enforced.

In others such as the British West Indies they did not affect Canadian products as heavily as some others.

Lost Markets

The third factor noted above arising out of the war and affecting Canadian trade is the removal of certain countries from the trade orbit either because they became enemies or passed under enemy control. This affected a total export business of over $60 millions annually.

Removal of these countries from the world's trade cut off further sales. But it also has meant that in such markets as remained open to Canada, such as the West Indies, South America, the United States, the British Empire countries, and the Orient, competition to some extent was reduced.

Canadian Exports

To	1939	1938
	—000's of $—	
Germany	17,796	12,254
France	8,777	7,609
Belgium	9,952	14,564
Holland	9,903	13,269
Poland & Danzig	1,078	739
Denmark	1,673	897
Norway	7,664	6,672
Sweden	5,859	3,156
Italy	1,789	2,272
Total	64,491	61,412

This in some instances has offset loss of markets. For instance, with Scandinavia out of the newsprint markets Canada has been able to increase her exports enormously. The same result was seen in lumber. Passing of Denmark under German control transferred to Canada the bulk of the British market for bacon and cheese.

Exports of these goods which are all necessities have been maintained in good volume or increased, because the countries buying them, such as Great Britain and the United States, had to have them. Great Britain, anxious to conserve her foreign exchange, has cut down buying of various articles the people could get along without, but bacon, wheat, flour and cheese are necessities. Accordingly Canadian producers have experienced a better demand than they otherwise would have and plants have been kept busy.

One item in which there has been tremendous expansion in exports is pork and beans. Before the last war this dish was practically unknown to the British people; certainly as far as army rations were concerned.

Unlike the Ross rifle, the Canadian farm wagons and other things taken to England by the Canadian troops, pork and beans made a distinct hit and have since become a standard food. An example of the use being made of them on this occasion is seen in the increase in exports from Canada to the United Kingdom in the first three months of 1940 to $1.3 million from $9,383 in 1939.

Some other articles have not fared so well.

Leather, for instance, has just recently been cut off from the list of goods which may be imported freely into the United Kingdom. Both sole and upper leathers are affected. The blow coming on top of the cutting off of the market in Denmark, Norway, France and Italy is a hard one. It is feared that unless the deficiency can be made good elsewhere, employment in the Canadian tanneries will suffer.

Decision of the British authorities to stop imports evidently was predicated on large reserves they had built up as well as increased capacity of the British tanneries. Canadian tanneries have made strenuous efforts to retain this trade. In fact, they have offered to take merchandise in payment of their shipments instead of money, all to no avail.

Stoves and Lamps

Trade in stoves, lamps and lanterns with the United Kingdom has also been seriously affected. W. J. Weldon, general manager of Coleman Lamp and Stove Co., stated to The Financial Post that under recent regulations not only exports of complete articles were prohibited but even servicing of those already landed in Great Britain.

Mr. Weldon stated that earlier they had sold many thousands of dollars worth of stoves and lamps to the armed forces in Britain.

These, if they are going to be useful, have to be serviced properly. But under existing regulations, licenses must be obtained before this can be done. Obtaining these licenses is a longer process requiring much correspondence between the two countries. Now his company, he states, has an office staff of 10 in the United Kingdom with nothing to do.

This closing of the British market has cut into their total export busi-

(Continued on page 10)

Salmon Industry in B. C. Accepts Ottawa Policy

From Our Own Correspondent

VANCOUVER. — Attitude of the Canadian economic council toward the salmon industry of the Pacific coast, as disclosed in a report revealed in the House of Commons by Fisheries Minister J. E. Michaud, is satisfactory to British Columbia fish packers who for a while feared that the Government might yield to the plea of some western members and take over the pack as a federal relief measure.

The economic council reported: When the Government took over the marketing of apples and canned lobster the quantity on which the guarantee was given was substantially less than the normal export. The price guaranteed the producer was limited to 90% of the average for the three preceding years.

"In the case of canned salmon, on the other hand, no restriction has been imposed upon importations by Britain. No limitation has been placed upon the quantities which may be shipped to the United Kingdom by British Columbia canners. In other words, the British market, though closed to apples and lobsters, is open to canned salmon as in the past.

"So far as salmon prices in Britain are concerned, the ministry of food at London has set certain maximum levels, but except in the case of sockeye prices, they are generally related to the immediate pre-war scale. The prices at which sockeye may be sold in Britain were reduced.

"If the Government were to proceed to handle the canned salmon in accordance with the plan followed in marketing apples and lobster, it would take only a quantity substantially less than the average pack in the preceding three years. The fishermen would actually receive less than they are receiving now."

Pulp and Paper Industry

Newsprint Revenue at All-time High

Dollar Returns in First Half of 1940 Greatest in the Industry's History

By JOHN LANGDON
Eastern Editor, The Financial Post

MONTREAL.—Returns now available on newsprint operations for the first half of 1940 clearly indicate that the reorientation of international markets has brought a substantial volume of business to Canadian mills.

During the last six months mills in this country sold 1,630,920 tons of newsprint paper. Allowing for the premium on American funds, applicable to the greater part of the shipments, revenue to the operators was in the neighborhood of $88 millions in Canadian funds. This contrasts with $65.3 millions in the like period a year ago, an increase of $22.7 millions or just better than a third.

Greater Than in 1937

The sharp improvement is indicated in other ways. In the first half of 1937 Canadian mill shipments reached an all-time record of 1,693,101 tons. Part of this business was due American publishers stocking up in anticipation of a price rise.

Though shipments in the January-June period of 1937 were 63,000 tons greater than in the past six months, current revenue is considerably greater.

In 1937 Canadian newsprint sold at $42.50 a ton New York delivery. Today it is selling at $50 a ton in U. S. Funds, which gives the manufacturers an additional 10% in Canadian funds.

Operating and other costs have advanced since that time. However a large part of the increased selling price has been retained by the producer.

There is reason for believing that in the past six months the gross revenue from the sale of newsprint was larger than in any corresponding period in the industry's history.

June Big Month

Last month Canadian mills produced the exceptionally large volume of 315,343 tons of newsprint. For the first six months of 1940 they produced 300,923 tons more than in the same period of 1939, an increase of 22.4%.

Newfoundland mills also made an impressive showing, producing 30,262 tons in June and bringing the cumulative six months total up to 170,034. The latter figure was 31,920 tons or 23.1% more than the corresponding figure in 1939.

American mills continue to operate at close to capacity, production in June totalling 84,762—the fourth highest monthly total reported in many years. For the current half year period cumulative production of 511,970 tons was 40,082 tons, or 8.5%, up over the first six months of 1939.

Sharp Gain Over 1939

The production figures for June and the six months ended June for 1940 and 1939, as compiled by the News Print Service Bureau and the Newsprint Association of Canada, are shown in the following table:

North American Output

June	1940	1939
Canada	315,343	240,545
U. S.	84,762	80,562
Nfld.	30,262	22,937
Total	430,367	344,044
Six Months Ended June	1940	1939
Canada	1,641,987	1,341,064
U. S.	511,970	471,888
Nfld.	170,034	138,114
Total	2,323,991	1,951,066

Look to Canada

The sharp increase on production, more especially in the Canadian and Newfoundland mills is ample evidence of the greater dependency of the newsprinting importing countries on these two countries as a source of supply.

While it is true that restrictions have been imposed on the consumption of paper in a number of countries and certain of the European nations have been cut off from Canadian trade, still the increased demand from other markets, which normally depended upon the Scandinavian countries for all or part of their supplies, has resulted in a net increase in Canadian and Newfoundland marketings.

The American mills have found a ready market for all the newsprint they can produce. However productive facilities in that country are limited. Hence both the U. S. and other markets have had to turn to Canada and Newfoundland to meet their requirements of newsprint paper.

Shipments Up 45.7%

Canadian shipments in June rose to 338,446 tons for an increase of 106,185 tons or 45.7% over last year. Shipments represented 96.1% of Canadian capacity.

Domestic sales of newsprint have remained fairly constant this year. Increased demand originated elsewhere.

Shipments to the United States in June at 253,390 tons were by far the largest for that particular month in the history of the industry and just short of 50% greater than in June last year.

More for Overseas

The demand from countries other than the United States has been especially good. Last month Canadian mills shipped overseas 68,560 tons, as against only 42,346 tons in the same month last year.

Trend of shipments from Canadian mills for the first six months of this year, with comparative figures for 1939, is shown in the table following. At the same time figures are set out giving a breakdown of distribution in the major markets, the feature of which is an increase of nearly 50% in overseas shipments.

Candaian Newsprint Marketings
All Markets

	1940	1939
Jan.	244,273	201,852
Feb.	211,322	178,236
Mar.	235,304	205,099
Apr.	267,134	214,255
May	334,441	274,635
June	338,446	232,261
Half-year total	1,630,920	1,306,338
By Markets—January-June	1940	1939
Domestic	88,854	92,399
United States	1,239,755	1,008,996
Overseas	302,311	204,943

Others Do Well

American newsprint production is almost entirely for domestic needs. Shipments last month at 85,194 were slightly more than a year ago and brought the cumulative total for the half year to 507,379 tons. For the first six months of 1939 the U. S. mills shipped 473,043 tons.

A different story is told by the Newfoundland Mills, operated by Bowater - Newfoundland and the Anglo-Newfoundland Development Co. June shipments of 35,880 tons were 75% greater than in the like month last year.

Island Mills Active

Since the beginning of the year the Island have shipped 182,835 tons. This contrasts with 106,454 tons for the first half of last year.

Newfoundland has two principal markets for its newsprint output: During June shipments to England amounted to 19,916 tons, bringing the six months' total up to 106,429 tons. For the corresponding period last year shipments aggregated 67,364 tons.

In the case of deliveries to the American market the returns for 1940, which are set out in tabular form, are almost double those of last year.

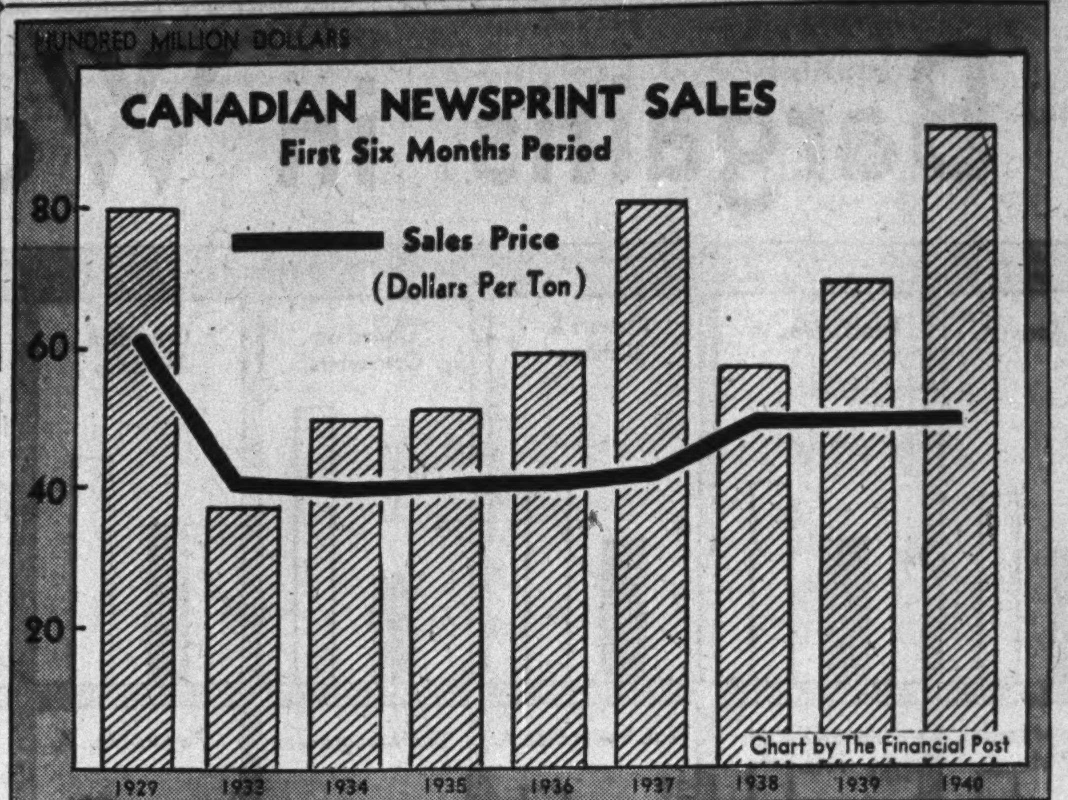
Newfoundland Marketings
All Markets

	1940	1939
Jan.	30,113	14,365
Feb.	20,196	12,126
Mar.	25,695	17,641
Apr.	28,161	16,516
May	42,790	25,283
June	35,880	20,523
Half-year total	182,835	106,454
By Markets—January-June	1940	1939
Domestic	375	307
United States	76,031	38,783
Overseas	106,429	67,364

A recapitulation of the Newfoundland newsprint situation shows that June shipments were 74.8% higher than a year ago, while gains of 152.6% and 40.5% were recorded in shipments to the United States and overseas customers, respectively, for the same month.

Lower Mill Stocks

In past year a sharp rise in newsprint production in this country or Newfoundland has invariably been accompanied by an increase in mill stocks. Such is not the case this year. As individual groups the Canadian, Newfoundland and American mills reported shipments greater than production. On balance, therefore, stocks of all North American manufacturers declined 29,153 tons during June as compared with a corresponding decrease of 7,506 tons in 1938 and an increase of 6,632 tons in 1939.



Newsprint Mills Reduce Stocks On Hand by 29,153 Tons

From Our Own Correspondent

MONTREAL. — North American newsprint mills further strengthened their market position last month by producing 430,367 tons and shipping 459,520 tons, making for a net reduction of 29,153 tons in stocks of paper on hand.

Canadian mills made the best showing last month, according to returns of the News Print Service Bureau and the Newsprint Association of Canada. Their stocks declined 23,103 tons to 180,569 tons. American mills reported stocks of 17,543 tons, a minor decline, while Newfoundland's supply dropped 5,618 tons to 63,591 tons.

The position of mill stocks at the end of June, with comparative figures for the close of the previous month and at the end of June, 1939, follow:

Mill Stocks on Hand

	June 30 1940	May 31 1940	June 30 1939
Canada	180,569	203,672	196,164
Nfld.	63,591	69,209	78,403
U. S.	17,543	17,975	17,428
Total	261,703	290,856	291,995

Internat. Paper Consolidates

Cullen Outlines Benefits Of Merger — Reduction In Debt Charges

From Our Own Correspondent

MONTREAL.—International Paper Co. will own directly about 93% of all the properties it controls in the United States, following the expected merger of Southern Kraft Corp. with the company, according to a statement issued by President R. J. Cullen.

Total American assets of International Paper, as constituted on completion of the proposed Southern Kraft merger, exceeded $112 millions as of Dec. 31, 1939, Mr. Cullen said. Most of the $43,683,465 expended on the properties in the last five years "represented the reinvestment of earnings and accrued depreciation."

Strengthens Position

Two of the company's new kraft mills, he added, were financed originally through banks for short-term construction loans, but additional debt so incurred had been more than offset by debt retirement through sinking fund, payment of serial maturities and other repayments.

Mr. Cullen disclosed that International paid off $2.8 millions of bank debts in June, making total debt retirement by the company and subsidiaries for the first half of the year $4.7 millions.

The $43.7 millions capital expenditures on plants and properties in the five years ended Dec. 31, 1939, excluded expenditures in connection with the company's former Newfoundland subsidiary, control of which was sold to Bowater's at the end of 1937.

Spend in States

More than 79% of International's capital expenditures during the five-year period went for construction and improvement to properties in the United States. A total of $22.5 millions was spent on the company's Southern Kraft properties alone, Mr. Cullen said. He asserted that International had thus maintained its position as the largest unit in the kraft paperboard industry in the United States.

Kraft production has risen from approximately 26% of the company's total tonnage production in 1934, exclusive of Newfoundland operations, to 48% last year.

Swedes Divert Pulp to Nazis

From Our Own Correspondent

MONTREAL.—Sweden's recent trade agreement with Germany will affect the position of the Canadian pulp industry in the American market.

In return for German coal, Sweden will exchange cellulose, paper, iron, steel and machinery.

The diversion of cellulose and paper to Germany will restrict the quantity available for the American market, and in turn create a greater dependency of the latter on Canadian sources.

Europe Shipping Less Newsprint

U. S. Imports to End of May 20% of Those Reported Last Year

From Our Own Correspondent

MONTREAL. — European newsprint continues to be a negligible factor in the United States market. Last May, the latest month for which returns are available, only 192 tons were imported from countries outside of Canada and Newfoundland.

For the first five months of the current year 27,204 tons of European newsprint were brought into the States, as against 134,818 tons for the like period of 1939.

Only 192 Tons in May

The extent and trend of European imports is shown in the table below:

U. S. Imports of Newsprint
From Europe

	1940	1939
January	8,953	22,925
February	8,882	20,099
March	1,854	35,023
April	7,323	25,285
May	192	31,486
5 Months total	27,204	134,818

Masonite Co. of Canada Plans $75,000 Outlay

From Our Own Correspondent

MONTREAL. — Masonite Co. of Canada, manufacturer of fibre board products, and controlled by Masonite Co. and Canadian International Paper, has approved plans for new addition to its Gatineau mill to cost over $75,000 with equipment.

The demand for fibre board products is such that even though the present mill was only brought into operation a few weeks ago, they have decided to go ahead with the extension.

Beaver Wood Fibre Expanding Facilities

From Our Own Correspondent

MONTREAL. — Beaver Wood Fibre Co., newsprint manufacturers at Thorold, has completed plans for a $100,000 addition to the mill.

B. C. Seeks Action On Newsprint Case

From Our Own Correspondent

MONTREAL. — Representations have been made to Ottawa by Premier T. D. Pattulo of British Columbia in connection with the recent decision handed down in the San Francisco courts to the effect that Powell River Co., Powell River Sales Co., and Pacific Mills, all operating within the province, are subject to the jurisdiction of the American courts. The three companies are accused of combining with a number of American companies in fixing the price of newsprint paper sold in the States.

The Federal Government is being urged to intervene in the matter, as the principle involved by the Court ruling is one of considerable importance to Canadian business, as well as a threat to the important Canadian newsprint trade with the States.

War Re-channels Foreign Trade

(Continued from page 9)

ness very seriously. In addition this firm has been affected by the license system in New Zealand and Australia.

Efforts to make up the loss elsewhere have met with obstacles. In the Orient, the Chinese and Japanese quickly imitate western goods. In South America there appear to be large quantities of German goods, bought before the war or in the early months of it. Sweden appears to be shipping there in large volume also. This and the large number of Germans in key business posts in the South American countries, make the path of the Canadian exporter difficult.

The Moffat Stove Co., it is understood, was not affected by the British restrictions so much because it had its own British company. Sales of electric stoves and ranges to the West Indies including Trinidad have been well maintained, also in South Africa and Hong Kong. The Australian and Singapore markets have been shut off by the sterling regulations. Brazilian demand seems to be improving.

Farm Implements

Massey-Harris Co. has found the export demand for its products well maintained. Agriculture is an essential industry and farm implements are necessary on the farm. Hence demand has shown no slackening, except in Argentina.

In the West Indies there has been some expansion, owing to a recent regulation forbidding imports which have to be paid for in United States dollars. The British West Indies accordingly are looking to Canada for supplies.

Argentine trade has been hit by the loss to that country of the German, Danish, and Dutch markets for its corn. Formerly it got the funds from its exports of corn to pay for Canadian farm implements. Now it cannot sell in the former markets.

Skates and Bicycles

Skates and skating supplies are a line which has suffered severely in the export markets through the war. Normally a substantial volume of business is done in these by the Canada Cycle & Motor Co. in the British Isles, and practically all continental Europe, including Germany, Scandinavia. Holland, France, etc. That is now all gone. The United Kingdom classes them as non-essentials. The other countries are mostly on the forbidden list.

Another line affected is children's vehicles such as tricycles. Currency controls have hit shipments to New Zealand and Australia fairly hard. However, South Africa is still taking a fair volume while some business is also being done in South America, especially in Guatemala and Colombia.

Enquiries have also been received from French Indo-China. On the whole, however, much of the lost export business has been made up elsewhere, especially in the domestic market.

Paints, Washing Machines

The varnish and paint business has been affected by exchange regulations, but the drop in export business has to a large extent been made up by domestic trade.

Practically every country with exchange control in force has placed washing machines among the luxury class. Business of the Easy Washing Co. with the United Kingdom, Australia and New Zealand, it is understood, has fallen off substantially. But it has been possible in many cases to offset this by increased trade in the home market.

South Africa has shown some improvement, but it is stated to be difficult to make much headway in South America. Reason for this it is claimed is that transportation is not easily arranged, while Canadian goods get no preference which would enable them to compete with United States exporters who do get preferential treatment.

Silk Stockings

Shipments of silk stockings to the United Kingdom also have stopped. Like washing machines and skates and joycycles, silk hose is evidently not regarded as essential in wartime. Accordingly, British merchants have ceased buying. A recent dispatch from the United Kingdom reported that the girls in a certain British factory had persuaded the management to permit them to come to work without stockings. It was expected this would mean a difference in consumption of several hundred pounds sterling a year.

Some business, however, is still being done in the British West Indies. On the whole production has been curtailed in some mills and employment reduced and unless the workers can find employment elsewhere hardship may result.

Another line seriously affected is office machinery including cash registers, accounting machines, etc. Exports of these are down tremendously. While domestic trade has been a helpful factor the drop in exports has been such as to cause a sharp reduction in employment. However in some instances war work will take up the slack, it is stated, as soon as the necessary plant adjustments can be made.

Thus it is evident that Canada's export trade has been directed into essential food products, agricultural machinery, newsprint, lumber and war supplies. Employment has been affected adversely in some cases. But in general it is believed that as the national effort is directed to the production of war materials people who may have been thrown out of employment will be re-absorbed.

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Life Insurance

Life Sales Estimated To Be Holding Well

Sale of Savings Certificates By Agents Opens Up Valuable Contacts — Encouragement of Thrift Seen as Helpful Factor

Sale of war savings certificates through the life insurance companies is meeting with a better response even than expected, it is reported. No figures as to amounts are available yet, but it is estimated that the money being raised this way will exceed expectations.

The life companies from the start have been active in the campaign under the leadership of W. H. Somerville, general manager of the Mutual Life of Canada, who is joint chairman of the national committee with De Gaspe Beaubien consulting engineer of Montreal.

Behind the Campaign

These companies have put their sales organizations behind the campaign. Agency offices have detailed their men to make a special canvass of the clients and territory they usually cover in selling insurance. Only this time their first effort is directed at selling war savings certificates.

In some quarters it was admitted at the beginning of the campaign that sales of life insurance might suffer. It was agreed, however, that the national crisis did not allow this to interfere with the effort to raise money for the war even if sales did fall off.

While definite information as to trend of insurance sales during the war savings campaign is not yet available it is estimated by some agency managers that they are holding about even with the previous month and last year.

Ultimate Benefit Seen

In the long run the efforts of the life men to sell war savings certificates are regarded as likely to react to the benefit of the companies.

Life insurance executives point out that the purchase of these certificates encourages thrift, just as does the purchase of life insurance. The habit acquired in the one should encourage the purchase of the other.

Then again the life agent selling war savings certificates has a good reason for contacting his own clients. He also has an opportunity to make valuable new contacts which may develop later into business.

Ultimately the individual who starts saving by buying one of these certificates will also become a buyer of life insurance.

Life Insurance Also Serves

In some cases insurance men are urging the purchase of life insurance as well as certificates as a means of helping the finances of the Government. The bulk of the money paid in as premiums to the life company, it is stated, will eventually be lent to the Government for its war effort. By buying life insurance, therefore, it is argued the individual not only is providing funds which will be lent to the Government but is doing himself and his dependents a good turn at the same time.

Life Insurance Notes

The life insurance companies in Canada have done valuable work in educating the public to the advantages of budgetting to pay their life insurance premiums, J. A. Collins, branch manager of the North American Life, told the Kiwanis Club of Pembroke recently. Proof of the extent to which many had budgetted their incomes for insurance purposes, he said, was had in the large premium income of the companies and the amount of insurance in force. He stated that the budgetting principle should also be applied in meeting taxation.

* * *

The Industrial Life Insurance Co. of Quebec reports an increase in business in force of $2.3 millions for the first half of 1940. This brings total business in force to $21.9 millions. On Jan. 1, 1935, the amount of insurance in force was $7.5 millions.

Beginning July 15, the company is adding a personal accident and sickness branch to its life business which includes ordinary, monthly and industrial insurance.

* * *

The most severe test of the life insurance companies may come not during the duration of the war but in the inevitable dislocation that will accompany the transition from a war to a peace time economy, writes D. E. Kilgour, president of the North American Life Assurance Co., in an article in the summer number of the Quarterly Review of Commerce, published by the University of Western Ontario. The life companies, he states, suffered greater setbacks during the depressions than during the last war. However, he hopes that better post-war adjustments will be made on this occasion because of the lessons of the past and efforts now being made to deal with the situation.

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WEEKLY premium (Industrial) policies for amounts of $500 and upwards have been modernized in every respect by the London Life.

Those who buy their life insurance on the weekly premium basis now receive all the benefits and privileges offered in the ordinary policies issued by the Company. For example, cash values, loan values, and even the present dividend scale, on these policies are the same as for the Company's general business.

Moreover, if you buy on the weekly premium basis and later desire to pay monthly or annually, you may do so. Your premiums then would be the same per month or per year as if you had started payment on that basis.

This far-reaching innovation has been made possible by the combination of three factors — the reduction in the death rate among the purchasers of smaller policies, the marked progress of the Company in all departments, and the high standard to which its sales representatives have attained.

Note: These policies may be purchased on the participating or non-participating plans. Disability and Double Indemnity benefits may be added to them, as well.

London Life
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Insurance Company
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Life Insurance At Work

Some years ago a young business man in a Canadian city invested heavily in life insurance, building up a total estate of $85,000.

He attached to each of his policies a trust settlement providing that monthly cheques be sent to the beneficiary for 30 years after his death.

One night he came home from his office, put the car in the garage and forgot to turn off the motor. He crossed the garden, talked to one of the neighbors for a while. Then returning home, left word with the maid to have his small children dressed early in the morning for a visit to their grandparents. He then went to his bedroom directly over the garage. He did not notice the motor of the car was still running or that the monoxide fumes from the garage below were seeping into the room.

Early the next morning the maid found him dead.

Today as a result of his insurance investments, his widow and children are able to carry on with few adjustments in their scale of living. The children are guaranteed college educations and the widow has no financial fears.

Fire Insurance Notes

Charles Curtis has just been appointed superintendent of agencies for Ontario by the Employers' Liability Assurance Corp. He will replace H. D. Dempsey, who goes to take over the Vancouver branch of the company.

Mr. Curtis entered the service of the Employers' Liability at Montreal in May, 1912. With the exception of the time spent on active service overseas in the last war he has been continually in the employ of the company.

* * *

At the annual meeting of the Dominion Board of Underwriters, J. H. Riddel, retiring president, stated that all facilities and services of the board and of the Underwriters Service Bureau have been offered to the Department of National Defense and the Royal Canadian Mounted Police. These offers had been accepted. A resolution offering an ambulance to the Federal Government on behalf of the tariff companies was approved.

New officers elected were:

C. Stuart Malcolm, Canada Royal Exchange Assurance, Montreal, president.

W. E. Baldwin, Continental Insurance Co., Montreal, 1st vice-president.

Kenneth Thom, Western Assurance, Toronto, 2nd vice-president.

Alex. Hurry, Northern Assurance Co., Montreal, A. C. Hall, Commercial Union, Montreal, T. W. Greer, Pacific Coast Fire, Vancouver, C. C. Hannah, Firemans Fund, San Francisco, members of the council for three years. D. K. MacDonald, London Assurance, Montreal, and J. H. Riddell, Eagle Star, Toronto, members of the council for one year.

Bank of Toronto to Pay 2½% Dividend Sept. 3

The Bank of Toronto has declared a quarterly dividend of 2½% payable Sept. 3 to shareholders of record Aug. 15. This continues the rate which has prevailed in recent years.

Weekly Bank Clearings

	July 11 1940 $	Change Year Ago %	July 4 1940 $
Halifax	3,248,663	+29.9	3,207,520
Saint John	1,971,420	+9.4	2,584,967
Moncton	1,047,835	+12.6	927,860
Sherbrooke	811,659	+11.5	889,528
Quebec	5,052,470	+9.3	4,623,826
Montreal	94,279,698	—1.2	106,917,294
Ottawa	40,490,404	+134.9	27,520,725
Kingston	727,340	+26.9	772,073
Peterborough	655,470	+13.2	665,211
Toronto	87,869,114	+0.08	114,524,004
Hamilton	5,325,795	+15.2	7,125,885
Kitchener	1,071,302	+8.8	1,200,755
Brantford	1,052,841	+21.1	1,081,891
London	2,602,594	+20.6	3,149,209
Chatham	608,800	+16.5	624,011
Windsor	2,442,193	—18.8	3,046,767
Sarnia	508,529	+5.2	459,012
Sudbury	1,081,363	—6.5	996,435
Fort William	874,540	+58.7	1,058,904
Winnipeg	43,659,230	+23.6	73,855,174
Brandon	398,569	+33.4	435,778
Regina	4,071,081	+24.6	4,735,658
Moose Jaw	520,088	—17.9	566,029
Saskatoon	1,400,650	+28.7	1,406,911
Prince Albert	331,111	+15.3	338,743
Edmonton	4,158,601	+2.4	4,336,212
Lethbridge	449,639	—7.1	531,729
Calgary	4,700,170	+16.2	6,216,705
Medicine Hat	212,867	—3.2	242,407
N. W'minster	740,594	+18.0	714,734
Vancouver	15,960,555	+3.4	18,098,418
Victoria	1,806,151	—5.5	2,046,130

Advance 18% In Bank Debits

Increases in All Economic Areas Reflect War Business

Increased volume of business, due in large measure to the war, is reflected in the greater activity of money in the form of bank deposits.

During May, turnover of deposits, indicated by total bank debits or cheques cashed at the clearing house centres of Canada increased 17.6% over May, 1939.

Gains were shown in all five economic areas of Canada. That in the Maritimes was 9.1%, in Quebec 10.8%, Ontario 8.3%, the Prairies 62.4% and British Columbia nearly 12%. The large wheat crop last year was a powerful factor in the huge expansion in the Prairies.

Compared with April, the increase of almost 14% was slightly less than normal for the season. Increases were shown in actual volume in all areas.

Total debits for the first five months of 1940 at $14.3 billions were $2 billions or 16% above 1939.

Bank Debits to Individual Accounts
(Millions of dollars)

	May 1940	April, 1940	May, 1939
Maritimes:			
Halifax	41.9	38.9	40.5
Moncton	10.3	9.3	9.0
Saint John	20.3	18.7	16.2
Total	71.7	66.9	65.8
Quebec:			
Montreal	895.2	753.4	793.5
Quebec	73.2	66.4	81.2
Sherbrooke	8.8	7.3	7.4
Total	977.2	827.2	882.2
Ontario:			
Brantford	12.3	9.6	9.9
Chatham	10.2	8.9	7.9
Fort William	6.3	5.3	5.4
Hamilton	73.5	68.3	52.0
Kingston	8.9	6.8	7.0
Kitchener	16.4	14.2	12.8
London	40.4	33.0	35.8
Ottawa	156.7	229.7	104.7
Peterborough	7.7	7.1	5.7
Sarnia	6.7	5.7	7.8
Sudbury	8.4	7.4	7.6
Toronto	1,007.8	889.6	998.3
Windsor	47.5	42.3	39.9
Total	1,403.1	1,328.2	1,295.2
Prairies:			
Brandon	3.3	2.8	2.8
Calgary	61.2	54.1	46.2
Edmonton	42.5	40.5	38.3
Lethbridge	4.6	4.3	4.3
Medicine Hat	2.2	2.2	2.2
Moose Jaw	6.8	8.0	6.2
Prince Albert	2.7	2.6	2.2
Regina	49.2	35.7	54.3
Saskatoon	12.2	10.2	9.8
Winnipeg	524.8	378.9	270.6
Total	709.8	539.5	437.1
British Columbia:			
New W'minster	7.3	6.7	6.1
Vancouver	142.1	141.7	125.7
Victoria	28.2	27.9	26.9
Total	177.7	176.3	158.8
Total for Canada	3,339.6	2,938.3	2,839.2

Weekly Statement Bank of Canada

Reserves of sterling and United States Exchange shown at $5.5 millions in the statement of the Bank of Canada for the week ended July 10 were about $2.8 millions higher than in the week previous. This increase replaces part of the decline of about $6 millions in the preceding week which probably reflected payments abroad.

There was a small decline in holdings of short-term Government issues and a small increase in long terms. Other assets fell to $5 millions.

Note circulation again rose to a new high at $284.6 millions.

Balance Sheet

	July 10 1940 $	July 3 1940 $
Liabilities		
Capital paid-up	5,000,000	5,000,000
Notes in circ.	284,680,463	279,162,593
Rest fund	2,449,756	2,449,757
Depos.: Dominion	41,902,479	33,949,389
Bank	209,146,329	216,661,876
Other	8,956,663	12,044,041
Total deposits	260,005,471	262,655,306
All other liabs.	4,972,162	10,678,575
Total liabs.	557,107,852	559,946,231
Assets		
Reserve:		
In sterling & U. S.	5,504,965	2,755,544
Subsidiary coin	232,061	252,272
Advances	3,500,000	3,500,000
Investments:		
Dom. Govt. short.	420,413,366	421,485,568
Other Dom. Gov.	120,359,847	119,559,623
Total invest.	540,773,213	541,045,191
Premises	1,717,186	1,717,187
All other assets	5,380,427	10,676,037
	557,107,852	559,946,231

Fire and Casualty Insurance

Land War Risk Cover Sold in Good Volume

Fire and casualty companies are doing a substantial volume of war risk insurance on land risks.

This cover is obtainable by two separate contracts one giving protection against damage from open hostilities and the other against malicious damage. The first is a policy in itself the second is an endorsement attached to ordinary fire or riot and civil commotion policies. This last cover is more in demand than the first.

The first contract is designed to protect the property owner against open enemy operations such as bombing or bombardment or from land operations if the enemy should make a landing some place. The malicious damage cover is designed to protect against loss from damage resulting from the action of one or more individuals acting in a non-military capacity as agents of a foreign enemy. This is usually termed sabotage.

Definite Contract Needed

Agents point out that unless the contract giving protection against either of these war hazards is definite, the property owner might be out of luck. The ordinary fire policy or Riot and Civil Commotion policy by itself does not protect against these war risks.

Obviously demand for protection against open enemy operations varies in different parts of the country. There would seem to be more need of it along the Atlantic seaboard or on the shores of the Gulf of St. Lawrence, for instance, than farther inland. Rates accordingly vary.

On the other hand, protection against malicious damage is liable to be needed anywhere in the country. Secret enemy agents desiring to commit sabotage are as likely to turn up in British Columbia or Northern Manitoba as in Ontario or Quebec. Property owners in some cases preferred war risk insurance to stationing a regular 24 hour watch on the property. Use is made of the inspection services of the companies to combat anything like sabotage. It is claimed that an inspector looking over machinery might easily spot any damage or condition which might lead to a breakdown.

Other more cautious property owners, however, believe in both insurance and guards. "if there is danger of malicious damage from secret enemies who may even be employed about the plant, why not take the same precautions as one would take against fire?" they argue. That a person carries fire insurance does not prevent him having a watchman or having plenty of fire fighting appliances installed. Accordingly, it is argued, the protection given by a malicious damage insurance contract could logically be supported by maintaining a guard or watch.

So far the country has been free of any marked attempts at sabotage. But this, property owners and authorities feel, is no guarantee that it will remain so. Accordingly fire marshals and other officials are urging property owners to take every precaution to prevent malicious damage. Having done so the insurance contract then gives protection against the damage which may occur in spite of precautions.

Eastern Car Seek Offer of Own Bonds

MONTREAL.—Eastern Car. Co., controlled by Nova Scotia Steel & Coal Co., has asked for offers on its first mortgage bonds up to an amount of $46,972. At the end of last year there were outstanding $420,800 of these bonds out of an original issue of $1 million made in 1912.

Banking

Loans Above 1939 Level At All Banks in May

Compared With April Some Declines Are Shown — Mercantile and Industrial Loans Form Larger Percentage of Total

While current loans of the chartered banks in Canada in May, according to the regular monthly return to the Minister of Finance, showed a small increase on the total over the preceding month, the gain was not general, four of the ten banks reporting declines. These were the Bank of Montreal, Bank of Toronto, Canadian Bank of Commerce and the Dominion. The decreases were small, as also were the increases, the net result being a gain of only $3.7 millions.

Compared with April last year, however, the showing was different. A total increase of $116 millions was participated in by all the 10 banks. As current loans are the most important source of the banks earnings the rise over a year ago is important, indicating that shareholders will be justified in looking for higher revenues from this source. Loans of the different banks are as follows:

Current Loans
Millions of Dollars

Bank	May 1940 $	April 1940 $	May 1939 $
Montreal	202.9	205.9	171.8
Nova Scotia	93.3	92.2	84.4
Toronto	42.9	44.5	40.2
Provincial	14.2	13.3	13.4
Commerce	194.4	195.1	160.6
Royal	207.8	200.7	194.8
Dominion	62.2	64.3	49.0
Nationale	51.9	50.9	49.5
Imperial	65.4	64.6	56.2
Barclays	2.6	2.3	1.3
Total	937.9	934.2	821.5

Much of the expansion is due to war operations. Manufacturers are operating on larger scales, requiring heavier inventories while wages require a larger amount of ready cash. Much of this money is being supplied by the banks which are glad to lend it on the security of a Government contract for munitions or military equipment. Interest on loans of this character carry from 5% interest or higher. This is a better return than received on wheat loans especially wheat loans to the Government which carried 3% to 3½%.

It is understood that to some extent the character of the banks' outstanding loans has changed somewhat in recent months. A large part of them are still wheat loans made last fall when the crop was moving. But ever since December and especially in April large amounts of wheat loans have been paid off.

Statistics of the present standing of the different classes of loans are not available but it is usually admitted that owing to the war activity at various factories and the liquidation of part of the wheat loans there will be some change from the showing made last autumn when wheat loans were about 18% of the total.

Merchandising loans in many cases it is believed are higher as also are loans to lumber dealers and other manufacturers.

The anxiety of bankers to get good commercial loans arises from the fact that the return from the other large outlet for their funds, Government funds, is so small. In fact taking short term issues into consideration it has been estimated that the annual return on high grade investments of the banks is only about 2½%. As much of the money invested or lent is from savings deposits drawing interest at 1½%, the margin left for the banker is small. Accordingly a large volume of commercial or industrial loans paying 5 to 6% are preferred to large investments or even 3% wheat loans.

Obituaries

M. J. Beatty, secretary and sales manager of Beatty Bros. Ltd., Fergus, Ont., aged 61, at Fergus.

W. W. Walker, president of Henderson & Smyth Ltd., manufacturers' agents, Montreal, killed in accident at Ste. Emilie de L' Energie, Que.

G. H. Fensom, former president, Otis-Fensom Elevator Co., director of Continental Life Insurance Co. and formerly director of Securities Holding Corp., aged 73 at Toronto.

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Mutual Insurance Company
Assets Exceed $2,000,000.00
Surplus 1,330,363.89
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HOW MUCH OF YOUR OVERHEAD IS... UNDERFOOT?

Toronto and Montreal Exchange

The following table is confined to official prices for listed stocks, including curb market quotations. Where no transaction is recorded, bid and asked prices are given. For unlisted stocks, quotations by unlisted dealers are published. The Financial Post cannot accept any responsibility for such quotations.

THE WEEK'S QUOTATIONS

WEEK ENDING JULY 15

Mining Stocks

Week Ending July 15, 1940

Vancouver Stocks

Oil Stocks

Oil Quotations

*1939 Quotations.

Winnipeg Stocks

(Transactions from July 8 to July 13)

	Sales	High for period	Low for period	Close July 13
Crescent Creamery, pf.	10	8.00	8.00	8.00
Home Investment	9	13.00	13.00	13.00
Sunbeam Kirkland	500	.04	.04	.04
Traders Building	7	50.00	50.00	50.00
United Grain Growers	1	5.75	5.75	5.75

Stocks Not Traded in During Week*

	Bid	Asked		Bid	Asked
Beaver Fire	75	..	Federal Grain, p.	24	..
Beav. Lumber, c.	..	4	Nor. Mtge. pt. pd.	1¼	..
Beav. Lumber, p.	100	102	Nor. Can. Mtg., p	5	..
Can. Airways	1	..	Nor. Trusts	..	6
Can. Indemnity	120	..	West. Brew.	1⅝	1⅝
Dom. Envelope, c	..	7½	West. Grain, p	..	6¾
Federal Grain, c.	..	1⅞	West. Steel p.	5⅝	8

*Stocks more active on other exchanges not included.

Volume of Stock Sales

	Montreal Markets Indust.	Montreal Markets Mines	Toronto Markets Ind. & Mines	Vancouver Markets Ind. & Mines
July 16	8,900	4,300	101,000	......
July 15	5,200	8,400	86,000	15,140
July 13	2,200	4,600	50,000	2,655
July 12	4,800	5,500	61,000	14,871
July 11	4,800	3,300	108,000	16,697
July 10	6,200	14,000	82,000	22,223

Government Bonds

July 17, 1940 (Supplied by Investment Dealers Assoc. of Canada)

%	Due	Bid	Ask.	Approx. Yld.
Dominion of Canada Bonds				
4½	Sept. '40	100⅛	100⅜	....
1	Mar. '41	99½	100	1.00
5	Nov. '41	104½	104¾	1.40
1½	May '42	100	100½	1.22
2	June '42	100⅛	101½	1.88
3	Oct. '42	102⅞	103½	1.57
2½	June '43	101¾	102½	1.90
5	Oct. '43	108½	109½	2.05
3	June '44	99¾	100⅝	1.83
a2½	Jan. '44	83½	86½‡	7.08
4½	Oct. '44	108½	109½	2.21
2½	Nov. '44	101⅛	102½	1.99
a2½	Aug. '45	80	82½	6.74
4	Oct. '45	105½	106	b2.06
4½	Feb. '46	109½	110	2.56
3½	June '49	100⅞	101½	b2.97
3½	Oct. '49	101½	102½	b2.93
3½	Nov. '51	99½	100½	b3.22
3½	Feb. '52	99½	100½	b3.21
a5	May '52	88	89½‡	6.25
4	Oct. '52	103½	104½	b3.28
3	June '55	96½	97	3.25
4½	Nov. '56	106½	107	b3.26
4½	Nov. '57	106⅞	107½	b3.34
3	June '58	95½	96½	3.28
4½	Nov. '58	107	107½	b3.43
4½	Nov. '59	107⅞	108⅜	b3.45
a4	Oct. '60	77	79‡	5.76
a3½	Jan. '61	71	73‡	5.45
3½	June '66	98½	99	3.31
a3e	Jan. '67	70½	71½‡	4.96
a3e	Nov. '68	69⅞	70½‡	4.91
†3	Perpet'l	87½	88	3.41
Dominion Guarant'd Bonds				
Can. Nat'l. Railways:				
2	Feb. '43	100½	100⅞	1.65
2½	Jan. '46	98½	99⅜	2.32
3	May '44	102⅞	103⅜	2.00
3	Dec. '50	96½	97½	3.28
3	Feb. '53	95⅝	96⅝	3.31
3	Jan. '59	94½	95½	3.35
*4½	Sept. '51	110⅝	111⅝	3.27
*4½	Feb. '56	111½	112½	3.45

%	Due	Bid	Ask.	Approx. Yld.
4½	July '57	112	113	3.48
*4½	June '55	113⅜	114⅜	3.46
5	Feb. '54	114½	115½	3.58
*5	July '69	111½	112½	b2.80
*5	Oct. '69	115½	116½	b3.35
*5	Feb. '70	115½	116½	b3.38
Grand Trunk Pac. Rly.:				
3	Jan. '62	94½	95½	3.29
Provincial Gov't. Bonds				
New Brunswick:				
3	Oct. '51	81	84	4.83
3½	Aug. '49	82	86	5.20
3½	June '56	81	84	4.96
c4	Nov. '47	93	95	4.81
c4½	Apr. '61	93	96	4.80
c5	Jan. '60	98	100	5.00
Nova Scotia:				
3	Jan. '52	89	91	3.98
3½	June '56	89½	91	4.02
3½	Nov. '50	93½	95	4.09
c4½	Sept. '52	101½	103½	b3.97
c4½	Nov. '60	101½	104	4.21
c5	Mar. '60	107	109	4.32
Ontario:				
2½	May '45	99	100	2.50
3	Apr. '48	96½	97½	3.40
3	Nov. '50	95½	96½	3.43
3½	Nov. '51	97½	98½	3.41
3½	May '55	96½	97½	3.44
*4	June '62	101	103	3.77
4½	June '50	107½	108½	3.48
*4½	Jan. '62	107½	109½	3.85
5	Oct. '48	109½	110½	3.53
*5	Dec. '60	114½	116½	3.83
5½	July '46	110½	111½	3.41
Ont. Hydro Commission:				
3	Aug. '47	96½	97½	3.39
3½	Feb. '53	97½	98½	3.42
3½	Apr. '47	100	101	3.33
Prince Edward Island:				
3	Oct. '45	94	96	3.85
Quebec:				
3	Nov. '47	93	94	3.94
3½	Mar. '48	94	95	4.01

%	Due	Bid	Ask.	Approx. Yld.
3½	Mar. '54	90	91½	4.08
3½	Mar. '59	90½	92	4.11
4	Mar. '52	98	100	4.00
4½	Aug. '58	99	101	4.17
4½	Jan. '63	101	103	4.29
Alberta:				
4	Dec. '54	51	55	d
4½	Oct. '51	58	..	d
c4½	Oct. '56	53	57	d
*5	Oct. '59	55	59	d
c5½	Apr. '53	60½	64½	d
6	Mar. '47	62½	66½	d
British Columbia:				
c4	Dec. '57	90½	94½	4.48
*4½	Jan. '51	94	96	4.75
c4½	Oct. '53	94	98	4.70
c5	Apr. '54	98½	102½	4.75
5½	Feb. '45	98½	102½	4.87
6	Feb. '47	100	104	5.35
Manitoba:				
c4	Dec. '57	85	89	4.95
c4½	Dec. '56	87	91	5.32
*5	Dec. '59	90	94	5.50
5½	Oct. '55	90	94	6.10
6	Apr. '47	96	100	6.00
Saskatchewan:				
4	Sept. '54	71	75	6.72
4	Nov. '60	68½	72½	6.43
c4½	Oct. '51	82½	86½	6.16
c4½	Mar. '60	71½	75½	6.75
5	Aug. '58	74½	78½	7.13
5½	Oct. '52	78½	82½	7.70
6	Mar. '52	81½	85½	7.89

*Payable Can., N.Y. & £. b-Calculated to call date giving lowest possible yield. c-Payable Can. & N.Y. a-Payable N.Y. †-Callable on or after Sept. 15, 1966. d-Traded flat. Interest being paid at 50% of coupon rate, minimum rate 2%. e-Callable at a premium. ‡-N.Y. funds.

Unlisted Stocks

July 16, 1940 (Furnished by A. J. Pattison Jr. & Co., Toronto)

	Bid	Ask
Industrials:		
Acme Farm. D.	19	23
Andian National	29½	..
Anglo C. Tel. A.	7	8
Atlas Steel	11	..
Barrymore, pfd.	23	..
Blue T. Brew. B.	4½	5½
B.C. Pulp, c...	11⅞	13½
Do., pfd.	41	50
B.C. Sugar	74	77
Burns & Co., A.	4½	6
Do., B.	2½	3½
Can. G'drich, C.	1½	..
C.I.L., A. com..	185	195
Can. Ing. Rand.	63	66
Can. Tube, 1st p.	..	71
Chase, A. W., p.	24	26
Claude Neon, p.	5½	7
Colonial Steam	12	16
Cope, Flour Unit	15	19
Dom. Manuf., p.	60	65
Dunlop T. p. $25	20	22
Easy Wash. p. $10	7½	9
Goderich Elev.	7	8
Guard. Realty, p.	16	20
Guelph Carp. p.	98	103
Do., com.	15	18
Gurney Fdy. p.	1½	1⅞
Hayes Steel, c..	27½	30½
Hi'land Dairy, p.	45	52½
Inglis, John, c.	3½	5½
Ingram & Bell	21	25
Kingston Sh. Un.	20	24
Loblaw Inc., c.	11	12
Morrison Br., Un.	6½	8
M'row Screw, p.	96	..
Do., com.	8	..
Neilson, Wm. c.	8½	..
Do., pfd.	100	..
N.B. Tel. c.	11	13½
N. Meth. Ldy. p.	..	58
Office Spec. pf.	64	..
Paterson, Wm. p.	100	..
Prov. Paper, pfd.	96	98½
Rob'tson, P. L. p.	92	..
Rob. Cons. Cone	5	7
Ruddy, E. L., p.	26	28½
Seal O Sac (Can.)	1	2
Stand. Fuel, c...	52	57
Stedman pf. $50	52	58
Tor. Carpet, c..	25	30
Do., pfd.	55	60
Un. F. Co-op.	2	3½
Un. Steel, A. pf.	20	21½
Viceroy p. & rts.	25	..
Trusts & Loan Stocks:		
Brit. Mtge.	145	154
Capital Trust	27	32
Com. Fin., c.	2½	3½
Grey & B. Tr., $50	42	47
Guaranty Trust	..	97
Guelph & C., $50	50	55
Lambton Loan	31	34½
London & West.	35	40
Sherbrooke Tr.	120	..
Sterling Trust	55	..
Trad. Fin. A. c.	8½	11
Do., A. pfd...	76	82
Trusts & Guar.	24	26
Victoria Trust	95	105
Insurance Stocks:		
Brit. Amer.	52	57
Canada Life	420	450
Confed. 30% pd.	135	140
Industrials:		
Crown fully pd.	240	290
Dominion Fire	130	..
D. of Can. Gen.	100	112
Empire 25% pd.	6½	7½
Excelsior 36% pd.	57	62
Federal 25% pd.	50	..
Great-West Life	220	245
Imperial Life	285	300
Manufac. Life	220	245
Sov. L. 25% pd.	14	16
Sun Life	280	300
Tor. General	5½	5⅞
Wellington Fire	58	..
Western Assce..	40	44½
Do., pref.	40	44
Theatre Stocks:		
Allens King'n p.	58	62½
Allens Lond. p.	52	55
Do., St. Cath. p.	50	55
Do., Tor., p...	31½	36
Mansf. Theat. p.	26	31
Industrials:		
Para. Kitch. p..	50	56
Do., Oshawa, c.	9	11½
Investment Trust Shares:		
Can. Investors	3½	5
Deb. & Sec., pf.	61	..
Sec's. Hold. pf.	17	..
United Corp., A.	16	19
Do., B.	4	5⅞
Power Issues:		
Can. W. N. Gas	26	..
Do., pfd.	96	98½
Gt. Lakes Pr., p.	98	102
Mtl. Is. Pwr. p.	16	20
Nor. Ont. Pr. p.	87	92

Unlisted Mines

Toronto, July 16, 1940

	Bid	Ask
Acordia	.25	.27
Addington	.01	.02
Albany R	.06	.07½
Amal Kir	.03½	.04½
Anoki	.06	.07½
Aquarius	..	.16
Arjon	.01	.02
Armistice	.00⅞	.01½
Argosy	.04½	.05
Area	.03½	.04½
Arno	..	.01
Athona (Old)	.01	.02
(New)	.02	.02⅞
Barb Lard	.01½	.02½
Benhor	..	.10
Bilmac	.01½	.02
Buff Bear	.01	.02
Calder Bo	.01	.02
Central M	.02	.03
Cheminis	.02⅞	.03
Coin Lke	..	.03
Cons Chib	.02	.03
Crescent	.01	.01⅞
Dayton	.01	.02
Demp Cad	.00⅞	.01½
Desants n	.08	.10
Dona Pat	.02	.04
E Laco'a	..	.07
Elmos	.06	.08
Franco	.25	.30
Frankv'w	.15	.18
Galore	.01½	.02½
Gate Pat	.00½	.01½
Gilbec	.00½	.01
Gordon Lb	.01	.01½
Hiawatha	.05	.08
Hoyle nw	.13	.15
Hugh PaP	.02	.03
Hutch Lke	.01	.01½
Jolliette	.02	.03
Keora	..	.02
Kewaga'a	..	.01½
Kenricia	.02	.03½
Kiena	.05	.07
Kirk Gate	.01	.02
Lacoma	.00⅞	.01½
Lake Duf	.16	.17
Lake Gen	.04	.08
Lw Pete	.10	.15
Magnet C	.76	.80
Magwell	.02	.04
Magnet L.	.15	.17
Martin Br	.02½	.03½
Margaret	.02	.05
Mata Cana	.02	.04
Mof Hal n	.01	.02
Mooshla	.01½	.02½
Mosher	.03½	.04½
Nat Mal	.20	.25
Negus	.40	.55
New Roy	.00½	.01
Nickel O	.70	.80
Norbeau	.13	.19
Norlake	.01	.02
North Am Mol'm	..	.18
Norwin	..	.08
Oklend	.04	.05
Opemiska	.02	.04
O'Leary	.01	.02
Oriole	.01	.01½
Orpit	.01½	.02½
Ossian	..	.01½
Pacsack	.05	.07
Pascalis	.12	.17
Phoenix	.01½	.02½
Pontiac R (Old)	.02	.04
Pelangio	.01	.01½
Polaris	.14	.15
Porc Lake	.02	.03
Propri'y	1.00	1.25
Presdor	.01	.02
Queb Man	.04	.04⅞
Rahn Lke	.02	.03
Rand Mal	.06½	.08
Red Lake	.01½	.01⅞
Rhyolite	..	.01½
Sachigo	1.25	1.50
Senore	.06	.08
Shenango	.02	.02⅞
Sheldon	.01	.02½
Siscoe Ex	.01½	.02½
Skynner	.02	.02½
Smelt Gld	.00½	.00⅞
Spooner	.02½	.03½
Sunbeam	.04	.06
Springer	.03	.03½
Stadacona	.04½	.05½
Thomson	.08	.10
Thomp Cd	.01½	.02½
Treaty P	..	.23
Union Mn	.02	.03½
Wasu	.03	.05
West Red	.01	.02
Winoga cum rts	.02	.03
Woco	.03½	.05
Y David'n	.18	.20

Montreal, July 16, 1940

	Bid	Ask
Cad Exp	.02	.04
Chibmac	..	.02
C Pand'ra	..	.02
Cournor	.05	.07
Dubisson	..	.12
L Rowan	.02	.03
Obalski	.03	.04
Pan Can	.02	.04
Scott Ch	.01	.02
Westwd C.	.01	.01½

Corporation Bonds

(Supplied by Investment Dealers' Association of Canada)

July 16, 1940

Public Utility Issues:	Int. Rate %	Due	Bid July 16	Asked July 16	Bid July 9
†Assoc. Tel. & T.	5½	'55	71	75	66½
B. C. Power	4½	'60	94	98	91½
B. C. Tel.	4½	'61	99	103	98½
†Calgary Pwr.	5	'60	101	105	100½
Do.	5	'64	99	103	99
†Can. Nor. Pwr.	5	'53	104	108	103½
*Dom. Gas & El.	6½	'45	95½	99½	93
Gatineau Pwr.	5	'49	99½	103½	99
Do., B.	3⅞	'69	91½	95½	91
Gt. Lakes Pwr.	4½	'56	94	98	92
*Int. Hydro-E.	6	'44	71½	75½	68
▲Inter. Power	6	'55	99	103	100
Macl'n-Que. Pr.	4	'59	88½	92½	88
Mtl. L. H. & P.	3½	'56	96	100	95½
Do.	3½	'73	91	95	90
†Mtl. Tramways	5	'41	90	94	89
†Do.	5	'55	56½	60½	56
Nat. Lt. & Pwr.	6	'49	93½	97½	93½
N. S. Lt. Pr.	4	'57	96	100	94½
Ottawa H. & P.	4	'57	97	101	98
Ottawa V. Pwr.	5	'59	99	103	99
†Power Corp.	4½	'59	95	99	94
Quebec Pwr.	4	'62	96	100	93½
*Saguenay P., A.	4½	'66	103	...	102
▲Do., B.	4½	'66	101	...	100½
Shaw. W. & P.	4	'61	96½	100½	94
Union Gas	4½	'50	100½	104½	99½
United Secs.	5½	'52	55	59	54
Wpg. El., ser. A	4	'65	70	74	66
Industrial and Realty Issues:					
†Abitibi P. & P.	5	'53	56	60	52½
Acadia Sugar	4½	'55	98	102	97
†Alta. Pa. Grain	6	'46	91	95	90
Atlantic Sugar	4	'51	97	101	96
†B. C. P. & Pap.	6	'50	79	83	77
*Brown Co.	5½	'46	42½	46½	39
Burns & Co.	5	'58	53	57	49½
Canada Bread	6	'41	100	104	100
Canada Cement	4½	'51	99½	103½	99½
Can. Paper	4½	'52	98	102	97
Can. Steamship	5	'57	89½	93½	87
Can. Canners	4	'51	99	103	99
*Can. Int. Paper	6	'49	97	101	94½
C. P. R.	3½	'51	83½	87½	80½
Do.	4	'49	86	90	83½
Do.	4½	'44	92½	96½	91½
Do.	5	'42	102	106	101
†Consol. Paper	5½	'61	56½	60½	53
Dom. Coal	4½	'52	98½	102½	96½
Dom. Stl. & Co.	6½	'55	101½	105½	98½
Dom. Tar	4½	'51	98	102	96½
†Donnacona P.	4½	'56	72½	76½	68
Famous Players	4½	'51	96½	100½	94
†Federal Grain	6	'49	92	96	90
†Fraser Cos.	6	'50	89	93	88
Gen. Stl. Wares	4½	'52	94½	98½	92½
*Great L. Paper	5	'55	84½	88½	83
†Gypsum, Lime	5½	'48	84½	88½	83
Ham. By-Pr. C.	5	'55	98	102	97
Inter.-City Bak.	5½	'48	100	104	100
*Inter. P., Nfld.	4½	'68	88	93	88
Lake St. J. P.	5½	'61	84½	88½	82
Maple Leaf M.	3	'58	65	69	61
Massey-Harris	4½	'54	82½	86½	79
McColl-Fron.	4½	'49	98	102	96½
McCormick's	4	'52	90	94	89½
*M. & O. Paper	6	'45	42½	46½	38½
Nat. Grocers	4	'47	99	103	99
N. S. Stl. & Co.	3½	'63	77	81	75
Price Bros.	5	'57	94	98	91
*Prov. Paper	5½	'47	102	106	102
Reliance Grain	4½	'52	93	97	93
†Restigouche Co.	6	'48	89	93	88
Rolland Paper	4½	'51	99	103	98
Simpson's Ltd.	4½	'51	96½	100½	94
Smith, Howard	4½	'51	99	103	97½
†Steel of Can.	6	'40	110	112	110
*United Gas	5½	'48	102	106	101
United Gr. Grs.	5	'48	91	95	90
†Western Grain	6	'49	38½	42½	37

*Payable in Canada, or U. S.
†Payable in Can., U. S., or U. K.
▲Payable in Can. or U. K.
*Payable in U. S. only.
▲Payable in Canada only.

Mining Dividends

		Close July 15	Yield %
Beattie Gold	‡8c	.72	...
Bralorne	80c+40c	7.85	*15.3
Buffalo Ankerite	‡31c	2.80	...
Bulolo Gold	$3	12.00	25
Can. Malartic	‡4c	.32	...
Cariboo Gold	16c+6c	1.65	*13.3
Central Patricia	16c+6c	1.50	*14.6
Coniagas	‡25c	1.30	...
Coniaurum	16c	1.00	16
Cons. Smelters	$1+$1	31.50	*6.3
Delnite	†3c	.50	...
Dome Mines	$2	17.75	11.2
East Malartic	†10c	2.30	...
God's Lake	2½c	.26½	...
Gold Belt	†2c	.16	...
Gunnar Gold	6c	.35	17.1
Hallnor	60c	4.50	13.3
Hard Rock	‡9c	.60	...
Hedley Mascot	‡4c	.33	...
Hollinger	65c+45c	9.85	*11.1
Howey Gold	‡2c	.22	...
Hudson Bay	$1.75	22.00	7.9
Inter. Nickel, com.	$2	31.25	6.3
Island Mountain	‡8c	.65	...
Kerr Addison	5c	1.89	...
Kerr Lake	15c	.30	...
Kirkland Lake	10c+2c	.80	*15
Kootenay Belle	†10c	.25	...
Lamaque Gold	40c+10c	4.95	*10.1
Lake Shore	$2	15.50	12.9
Leitch	8c	.45	17.8
Little Long Lac	30c	1.90	15.7
Macassa	32c	2.70	11.8
Madsen R. Lake	†3c	.25½	...
McGillivray Coal	3c	.25	...
McKenzie Red. L.	12c+2c	.88	*15.9
McWatters	10c	.24	...
Moneta	12c	.38	...
McIntyre Porc.	$2+$1	37.50	*8
MacLeod Cockshutt	†10c	1.10	...
Nipissing	15c	.95	15.7
Noranda	$4	43.50	9.2
North Empire	‡40c	7.25	...
O'Brien Gold	‡5c	.55	...
Pamour Porc.	12c	.85	14.1
Pato Cons.	20c	1.40	14.2
Paymaster	2c	.21	...
Perron Gold	16c+4c	1.20	*16.6
Pioneer, B.C.	40c	1.70	23.5
Pickle Crow	40c	2.18	18.3
Placer Develop.	$1.20	13.25	9
Premier	12c	.75	16
Preston E. Dome	‡15c	1.50	...
Privateer Mine	20c	.54	...
Powell Rouyn	20c	.55	...
Quebec Gold	‡2c	.20	...
San Antonio	14c+3c	1.42	*12
Sheep Creek	16c+2c	.85	*22.3
Sherritt Gordon	†5c	.58	...
Silbak Prem.	16c	.75	22.6
Siscoe	12c+1c	.62	*20.9
Sturgeon River	†2c	.09	...
Sudbury Basin	‡2½c	.85	...
Sullivan Cons.	‡6c	.51	...
Sylvanite Gold	20c+5c	1.95	*12.8
Teck-Hughes	40c+3c	2.70	*15.9
Toburn	8c+8c	1.01	*15.8
Upper Canada	†3c	.68	...
Ventures	15c	1.85	...
Waite Amulet	†10c	2.90	...
Wright-Harg.	40c+30c	5.00	*0.14

*Yield including bonus. †Initial.
‡Paid or payable in 1940 to date.

Municipal Bonds

July 16, 1940

†Halifax	5	1961	104.00	107.00	4.48
Hamilton	5	1960	106.05	108.05	4.00
Montreal	5	1945	90.00	92.00	7.04
Ottawa	4½	1945	103.50	106.50	3.30
†Quebec	5	1959	104.00	107.00	4.45
Saint John	5	1950	99.00	102.00	4.75
†Toronto	4½	1955	105.75	107.75	3.80
†Vancouver	5	1950	93.00	97.00	5.41
Winnipeg	5	1944	97.00	101.00	4.70

† Payable Can. and N. Y.

Investment Trusts

	Bid	Asked
Affiliated Fund	2.29	2.51
Can. Amer. Trust	2.90	3.20
Can. Inv. Fund, ex. div.	[illegible]	[illegible]
All Can. Trustee	[illegible]	9.10
Grouped Income	...	4.95
Trans-Canada Shs.	9.40	10.40

Annual Meetings

1940	Company	Place
July 22	Niagara Wire Weaving	Niagara Falls
July 23	Eastern Dairies	Montreal
July 30	Brown Oil Corp.	Calgary

Dividends Declared

	This payment	Date payable	Date of record
Ault & Wiborg, p.	$1.37½	Aug. 1	July 15
Anglo-Can. Tel., p.	68¾c	Aug. 1	July 15
Agnew Surpass	40c	Sept. 2	Aug. 15
Do., bonus	20c	Sept. 2	Aug. 15
Do., pref.	$1.75	Oct. 1	Sept. 16
Bank of Toronto	$2.50	Sept. 3	Aug. 15
Brown Oil pf.	$1.50	Aug. 28	Aug. 3
B. C. Tele., 2nd pf.	$1.50	Aug. 1	June 17
Bathurst Power, A	25c	Aug. 1	July 17
Beatty Bros., pfd.	$1.50	Aug. 1	July 15
Buffalo Ankerite	6c	Aug. 2	July 16
Can. Bronze	37½c	Aug. 1	July 19
Do., pref.	$1.25	Aug. 1	July 19
Can. Indus., A, B	$1.75	July 31	June 29
Cel. of Amer., c. ex.	*	Aug. 15	June 14
Can. Bk. of Com.	$2	Aug. 1	June 29
Can. Converters	50c	Aug. 15	July 31
Coniagas Mines	12½c	Aug. 8	June 29
Can. Nor. Pwr.	30c	July 25	June 29
Can. Investors	10c	Aug. 1	July 18
Canadian Oil, c.	12½c	Aug. 15	Aug. 1
Do., extra	12½c	Aug. 15	Aug. 1
Coast Brew.	3c	Aug. 1	July 15
Canada Starch	50c	Aug. 1	July 25
Do., pref.	$3.50	Aug. 15	Aug. 8
Calgary Power pf.	$1.50	Aug. 1	July 15
Comm'wealth Intnl.	4c	Aug. 15	July 15
Dom. Ang. Inv. pf.	$1.25	Sept. 3	Aug. 15
Dominion Bridge	30c	Aug. 24	July 31
Dover Industries†	20c	July 2	June 28
Distillers Seag., p.	†$1.25	Aug. 1	July 15
Dominion Fire	$3	July 2	June 29
Dominion Bank	$2.50	Aug. 1	July 20
Dominion Tar, p.	$1.37½	Aug. 1	July 12
Dom. Oilcloth	30c	July 31	July 15
Do., extra	10c	July 31	July 15
Dome Mines	†50c	July 20	June 29
East. Theatres, p.	$3.50	July 31	June 29
Four Star Pete.	1c	Aug. 15	July 20
Federated Pete.	1¼c	July 23	July 13
Foundation Co.	25c	July 20	June 29
Goulds Pumps, p.	$1	July 25	July 15
Gt. W. Saddlery, p.	75c	July 20	July 2
Gurd, Chas., p.	$1.75	Aug. 15	Aug. 1
Hydro El. Secs. B, p.	25c	Aug. 1	July 15
Humberstone Shoe	25c	Aug. 1	July 15
Inter. Nickel, pf.	†$1.75	Aug. 1	July 2
Imperial Bank	$2.50	Aug. 1	June 29
Int. Metal, p. & A pf.	$1.50	Aug. 1	July 15
Inter. Util., pf.	†87½c	Aug. 1	July 22
Inter City Bak.	$1.50	July 31	July 15
Kirkland L. Gold	5c	Nov. 1	Sept. 30
Do., extra	1c	Nov. 1	Sept. 30
Kootenay Belle	2c	July 22	July 15
Kerr Addison	5c	Aug. 1	July 15
Montreal L. & Pr.	38c	July 31	June 29
McIntyre Porc.	†50c	Sept. 3	Aug. 1
Mtge. Corp. N.S.	$1.50	Aug. 1	July 24
Nat. Biscuit	†40c	Oct. 15	Sept. 10
Do., pref.	†$1.75	Aug. 31	Aug. 16
Nor. Ont. Pwr.	33c	July 25	June 29
Do., pref.	$1.50	July 25	June 29
Ottawa Car Air	40c	July 26	July 19
Penmans	75c	Aug. 15	Aug. 5
Do., pref.	$1.50	Aug. 1	July 22
Quebec Power	25c	Aug. 26	July 22
Rolland Paper	15c	Aug. 15	Aug. 5
Do., pref.	$1.50	Sept. 2	Aug. 15
Regent Knit., pf.	40c	Aug. 1	July 15
Royal Crest Pet.	1c	July 30	July 20
Royal Trust	80c	July 31	July 31
Saguenay Pr., p.	$1.37½	Aug. 1	July 15
Sigma Mines	‡▪30c	July 27	July 15
South. Can. Pr.	20c	Aug. 15	July 31
Silbak Premier	4c	July 25	July 5
Simpsons, pref.	$1.62½	Aug. 1	July 17
St. Law. Flour	25c	Aug. 1	July 20
Do., bonus	50c	Aug. 1	July 20
Do., pref.	$1.75	Aug. 1	July 20
Steel of Can.	43¾c	Aug. 1	July 5
Do., pref.	43¾c	Aug. 1	July 5
Stuart, D. A. Oil, p.	20c	Sept. 3	Aug. 15
Sundance Rylts.	1c	July 31	July 20
Toburn Gold	2c	Aug. 22	July 22
Do., extra	2c	Aug. 22	July 22
United Corp. "A"	38c	Aug. 15	July 31
Upper Can. Mines	‡3c	Aug. 31	Aug. 15
Vulcan Br. Pete.	1½c	Aug. 2	July 18
Walker-Good.	$1	Sept. 15	Aug. 23
Do., pref.	25c	Sept. 15	Aug. 23
Wood, A. & J., pf.	$1.75	Aug. 1	July 15
Weston, Geo., pfd.	$1.25	Aug. 1	July 15
Wilsil	25c	Oct. 1	Sept. 14
Zellers, pref.	37½c	Aug. 1	July 15

†Payable in U.S. funds. ‡Initial.
*One share for each 40 shares held.
▪Subject to approval by Foreign Exchange Control Board.

BELL SHARES ISSUED

From Our Own Correspondent

MONTREAL.—Bell Telephone Co. of Canada reports that 1,091 shares have been issued under the employees' stock plan. Of this number, 84 formed part of the plan covered by resolution of directors dated May 25, 1939, and the remainder of 1,007 shares are part of the issue covered by directors' resolution of May 22, 1940. Issued capital is now 815,744 shares.

DIVIDEND NOTICES

The Dominion Bank

Dividend No. 231

Notice is hereby given that a dividend of two and one-half per cent upon the paid-up Capital Stock of this Institution has been declared for the quarter ending 31st July, 1940. The dividend will be payable at the Head Office of the Bank and its Branches on and after Thursday, the 1st day of August, 1940, to shareholders of record of the 20th July, 1940.

By Order of the Board.

ROBERT RAE,
General Manager.

Toronto, 14th June, 1940.

Kirkland Lake Gold Mining Company Limited

Dividend No. 12

A semi-annual dividend of five cents per share and a special dividend of one cent per share (making a total of six cents per share) on the outstanding capital stock of the Company, has been declared, payable November 1st, 1940, to shareholders of record September 30th, 1940.

Taxes imposed on shareholders' dividends will be deducted where applicable.

By Order of the Board,

H. F. CASSIDY,
Secretary-Treasurer.

Toronto, July 5th, 1940.

QUEBEC POWER COMPANY

NOTICE is hereby given that a dividend of twenty-five cents (25c) per share has been declared on the no par value common shares of the Company for the quarter ended June 30, payable August 26, to shareholders of record July 22, 1940.

By Order of the Board,

H. G. BUDDEN,
Secretary.

Montreal, July 15, 1940.

Dominion Bridge Company Limited

DIVIDEND NOTICE

A Dividend of THIRTY CENTS (30c) per Share has been declared on the Outstanding No Par Value Shares of this Company for the Quarter ending 31st July, 1940, payable 24th August, 1940, to Shareholders of record at the close of business on the 31st July, 1940.

By Order of the Board,

F. W. EVENS,
Secretary.

Montreal, Que., 16th July, 1940.

Pulp & Paper Bonds
Bought Sold Quoted
A. J. Pattison, Jr. & Co.
Royal Bank Bldg., Toronto
EL. 5101

Suggest New Financing For 1940 Wheat Crop

A new plan for financing farmers, unable on account of congested elevators to deliver their grain this fall, was proposed by the directors of United Grain Growers Ltd. at a special meeting in Calgary last week. To enable banks to lend money to such farmers, on grain stored on farms, it is suggested that they be given a Government guarantee against loss up to a certain percentage of the total lent. This is similar to the plan followed in the Home Improvement Plan and the National Housing Act.

New Domestic Price

It is also asked that the price for wheat to be milled for flour for domestic consumption in Canada be set at not less than $1 per bushel, basis No. 1 Northern in store Fort William.

A serious shortage of elevator space is foreseen with greater part of the elevator space in Canada occupied at the beginning of the new crop year with the largest Canadian wheat carryover in the history of the country.

"This year," reads a statement prepared by the Board, "when available storage space seems likely to be occupied by those farmers who are most fortunately situated, or who are best equipped with machinery, ordinary sources of credit for other farmers are likely to be completely dried up That is serious for many other interests besides farmers. The early and rapid circulation of large sums of money in the fall is an important factor in the economy of western Canada and of the whole Dominion. A considerable part of the business of the country which rests upon the early marketing of the western crop is threatened."

Grain Elevator Interests Ask Rates be Continued

Detailed information on elevator storage earnings was laid before the Board of Grain Commissioners at the annual hearing relating to country and terminal tariffs, held in Winnipeg recently. United Grain Growers, pools and line companies appeared before the Board and requested continuation of the present schedule of charges.

G. W. P. Heffelfinger, president of the North-West Line Elevators Association, presented figures to refute the inference that elevator companies were making exorbitant profits from storage at the expense of the Government Wheat Board. Mr. Heffelfinger said:

"Recently we selected 14 representative companies among our members, operating approximately 2,865 country elevators, with a total rated capacity of 96.3 million bushels and 10 terminals at Fort William and Port Arthur with a rated capacity of 49 million bushels. We have secured from these companies a statement of their total storage earned from the Canadian Wheat Board between Aug. 1, 1939, and May 31, 1940.

"In the case of country elevators these storage earnings amount to two and two-thirds cents per bushel on board wheat and in the case of terminal elevators the total storage earnings from all sources amounts to one and four-tenths cents per bushel."

The president of the Line Elevators Association pointed out that the operating costs and plant maintenance of country and terminal elevators were mounting due to the necessity of larger scales, better cleaning equipment, increased labor costs at the head of the lakes, increased taxation, and the necessity of guarding against sabotage.

Company Reports

Eastern Dairies

Eastern Dairies Ltd. and subsidiary companies report substantially improved operations in the year ended March 31, 1940. Net loss of the year was reduced to $12,604 from $189,358 in the year ended March 31, 1939.

Volume of milk and cream sold during the year increased, according to W. R. Aird, president, in the annual report.

During the first half of the fiscal year the domestic market for milk powder and other by-products was unsettled and prices low. Export market in this half-year was weak and sales were small. In consequence earnings from the sale of by-products declined.

Toward the end of the year markets for these products strengthened and sales are now on a more satisfactory basis.

The company disposed of its Acme Farmers Dairy plant in Hamilton during the year. Operations there had not been profitable and it is stated that disposal of this unprofitable unit will have a favorable effect on business in the current year.

A footnote to the financial statements says that liability for income tax for the year ended March 31, 1940 was not determinable. It is indicated that there may be a liability of a substantial amount in respect of income taxes for 1938-39, but assessments have not been received.

Cons. Income and Deficit Account
Years Ended March 31

	1940 $	1939 $
Operating profit	379,841	207,166
Less: Depreciation	222,669	236,744
Bond interest	154,091	157,784
Bond int. prem.	15,684	1,996
Net loss & def. for yr.	12,604	189,358
Add: Prev. deficit	449,413	279,795
Prior adjusts.	......	1,032
Less: Prior adjusts.	10,226	20,772
Deficit forward	451,791	449,413
Working Capital		
Current assets	807,463	720,713
Current liabilities	641,273	640,800
Working capital	166,190	79,913

Can. Indust. Alcohol

Consolidated net profit of Canadian Industrial Alcohol and subsidiaries for the nine months ended May 31, 1940, amounted to $103,887, equal to 9.3 cents a share on the combined A and B shares outstanding. This contrasts with $147,236 or 13.2 cents a share on the same basis in the preceding year.

Total operating profit for the past nine months was $307,449, as against $338,923 for the like period of the previous year. The principal feature of the operating returns was the decline in foreign revenue from $30,270 to $4,514. Domestic results were up only slightly while a small increase was reported in operating profit of Robert McNish & Company.

Comparative figures in the consolidated profit and loss account for the nine months follow:

Consol. Profit and Loss Account
Nine Months Ended May 31

	1940 $	1939 $
Operating profit*:		
Domestic	292,726	299,635
Foreign	4,514	30,270
Robt. McNish	10,209	9,017
Misc. income	9,602	24,097
Total income	317,652	363,021
Less: Sals., fees†	37,585	31,416
Deb. interest	663	7,667
Depreciation	119,494	119,653
Inc. tax prov.	55,421	57,047
Net oper. profit	103,887	147,236

*After deduction of selling and administrative expenses. †Of executive directors, officers and including legal expenses.

Can. General Investment

Canadian General Investments Ltd., large management-type investment trust, reports income for the six months ended June 30 this year above the corresponding period of 1939. Before income tax, net profits are equivalent to 36 cents a share compared with 32 cents for 1939.

Declines in security prices have reduced net assets per share to $10.50 a share at the end of June this year, compared with $13.72 a share at Dec. 31 last and $11.73 a share at June 30, 1939.

Marketable securities had a value of $6.3 millions at June 30, 1940, and other securities an estimated value of $126,643, making total value of $6.4 millions. This figure is $207,-782 below the book value of holdings. Net assets of the company amounted to $6.4 millions at the end of June, a decline of 22% from the $8.2 millions reported at the end of 1939.

As a result of changes in portfolio of investments, net profits amounting to $22,151 were realized. This amount, together with $23,473 received on investments previously written off, has been added to capital surplus distributable account, bringing this account to $3.3 millions.

Balance sheet at June shows a secured loan of $91,000.

Income and Surplus Account
Six Months Ended June 30

	1940 $	1939 $
Invest. income	236,429	205,112
Add: Other income	421	236
Less: Loan interest	886	95
Net income	235,964	205,253
Less: Manage. fee	12,500	12,500
Directors' fees	1,310	1,330
Miscellaneous	1,961	1,782
Net before inc. tax	220,193	189,641
Less: Dividends	150,145	150,145
Surp. before inc. tax	70,048	39,496
Add: Surp. forward	429,827	345,886
Less: Addit. 1939 tax	4,583	......
Surplus forward	495,292	385,382
Earned per Share	$0.36	$0.32
Paid	0.25	0.25
Equity per Share:	$10.59	$11.73
Shares o/s, n.p.v.	600,589	600,589

Hiram Walker-G. & W.

Hiram Walker - Gooderham & Worts reversed the former tendency for earnings to decline in the three months ended May 31 this year. Net profits for the quarter ended May 31, 1940, were equivalent to $1.71 a share on the common compared with $1.36 a share in the corresponding period of 1939. Provision has been made for Excess Profits Tax as re-enacted by the Canadian Government and applicable for the first part of 1940. Part of the provision set aside for the latest quarter is for the first two months of 1940.

Consol. Profit and Loss Statement
3 Months Ending May 31

	1940 $	1939 $
Operating profit	2,381,787	1,712,441
Add: Other income	11,746	46,540
Gross income	2,393,534	1,758,981
Less: Depreciation	199,904	195,235
Int., disc., expense	129,035	128,160
Bank interest	12,372	16,175
Income and excess profits taxes	670,880	292,453
Net profit	1,381,340	1,126,956
Earn. per com. sh.	$1.71	$1.36

9 Months Ending May 31

	1940 $	1939 $
Operating profit	6,858,433	6,223,252
Add: Other income	244,780	272,180
Gross income	7,103,213	6,495,432
Less: Depreciation	602,680	624,900
Int., disc., expense	389,095	390,066
Exp. pref. sale	......	29,159
Bank interest	52,771	92,073
Inc., exc. prof. tax	1,738,808	1,070,817
Net profit	4,319,858	4,288,415

Rogers-Majestic

Rogers-Majestic Corp. reports net profits of $76,069 for the year ended March 31, 1940, equivalent to 35 cents a share on the combined A and B stocks. This compares with a loss of $164,483 for the previous year.

G. Harrison Smith, chairman, states that substantial progress has been made by the company in spite of war and unsettled business conditions. Inventory, which required a substantial write-down a year ago, is stated to be almost entirely current models while it is a reduction of $171,382 from the previous year. Cash on hand amounts to $104,745 compared with bank loans of $92,893 at March 31, 1939. This is the first time in some years that the company has entirely retired its bank indebtedness three months before the end of its year. New banking arrangements have been made to care for peak requirements but up to the end of June it had not been necessary for the company to use this.

Accounts receivable, after reserves, are $380,961 compared with $287,093. The reserve, which Mr. Smith states is adequate, amounted to $37,328.

Mr. Smith states that only conservative short-term plans are being made now, but that gratifying progress has been made since the end of the year. It is stated that directors [illegible] "substantial progress" during the current year.

Consol. Income and Surplus Account
Years Ended March 31

	1940 $	1939 $
Gross profit	1,086,318	821,958
Less: Expenses	859,548	873,990
Fees & exec. remun.	66,513	71,327
Depreciation	57,949	39,254
Tax provision	25,239	2,168
Net profit	76,069	*164,483
Add: Previous surplus	*176,337	171,692
Sundry adjust.	5,439	1,617
Less: Adj. share val.	14,753	......
Other adjustments	8,474	......
S.l.p. fee	100	......
Inventory adjust.	......	184,184
Inc. tax adjust.	......	969
Surplus forward	*118,156	*176,337

*Loss or deficit.

Working Capital

	$	$
Current assets	1,161,101	1,123,009
Current liabilities	169,561	290,065
Working capital	[illegible]	[illegible]

Flour Exports Still Rising

Increase of 27% Shown in June — Wheat Shipments Lower for Month

Canadian flour exports continue well above the levels of recent preceding years. Total exports for June at 509,308 barrels were about 27% higher than last year. The increase over 1938 and 1937 was even greater. The average price at $4.12 a barrel was 40% above 1939 but still well below the prices received in 1938 and 1937 at $5.21 and $5.97 respectively.

Total exports for the six months ended June at 3.7 million barrels were about 70% above the first half of 1939, more than double those of 1938 and 80% above 1937. The average price received at $3.98 a barrel was higher than a year ago but considerably below that of the two previous years.

Comparative figures follow:

Flour Exports

June	Bbls.	Aver. Price per bbl.
1940	509,308	4.12
1939	401,189	2.93
1938	299,503	5.21
1937	389,995	5.97
First Six Months		
1940	3,752,006	3.98
1939	2,223,298	3.01
1938	1,651,331	5.61
1937	2,076,707	5.69

Exports of wheat in June at 13.5 million bushels were about 1 million under those for 1939. The price was better, however, at 86 cents a bushel compared with 62 cents. It was, however, well below that received in 1938 and 1937.

Total exports for the first half year at 67.7 million bushels were by far the best in the last four years. The average price at 90 cents a bushel while almost 50% above 1939 was substantially lower than in 1938 or 1937.

Comparisons of volume and prices follow:

Wheat Exports

June	Bush.	Aver. Price per bush.
1940	13,570,107	0.86
1939	14,637,016	0.62
1938	7,275,376	1.05
1937	12,180,068	1.26
Six Months		
1940	67,702,282	0.90
1939	51,313,467	0.61
1938	25,783,863	1.18
1937	43,724,035	1.28

United Grain Pays Dividend

United Grain Growers Ltd. is paying a dividend of 5% ($1.25 a share) on its common stock for the year ending July 31, 1940. Payment is to be made August 1, 1940, to shareholders of record July 25.

This will be the first payment of a dividend by this company since 75 cents a share was paid Sept. 1, 1936. Not since 1931-32 has the company paid as much as 5% in dividends for any one year.

United Grain Growers is one of the larger elevator companies in western Canada. It also carries on a substantial business in farmers' supplies. The shares are owned by more than 27,000 shareholders, most of whom are grain growers in its territory.

Resumption of dividends by this company is indicative of the better scale of operations prevailing as a result of the large grain crop of 1939. It is probable that the report for the year ended July 31, 1940, will show profits substantially larger than the $5,662 reported for the previous year. Payment of the $1.25 a share dividend will require $160,295, hinting at a level of earnings not seen since 1934 or 1935.

Commodities

Commodity prices have again failed to develop any definite trend. Declines were fairly numerous while some advances occurred as in hogs and rubber.

Strength in the market for hogs was due to a seasonal decline in the runs at stock yards with consumption of pork products being well maintained.

The slight rise in rubber appeared to have no special significance. E. R. Stettinus, Jr., member of the United States Defense Advisory Commission in charge of the materials division, announced that it was expected very shortly to complete a plan for synthetic rubber production which would make the United States independent of imports of crude rubber.

COMMODITY PRICES

	Latest week	Previous week	Same week last yr.
Cattle	$9.25	$9.50	$7.10
Hogs	9.25	8.90	9.90
Copper, lb.	.11⅛	.11⅛	.10¼
Cotton, lb.	.1048	.1071	.0969
Rubber, lb.	.2075	.2062	.1657
Sugar, raw, lb.	.0270	.0270	.0283
Silk, lb.	2.54½	2.56½	2.64½
Wheat, Man. (bu.)	.71⅜	.71⅜	.55½
Coffee, lb.	.05¼	.05¼	.05⅛
Hides	.12½	.12½	.11½
Weekly Indices			
Canada (D.B.S.)	82.2	81.6	73.2
Do., Wood, Gundy	65.4	64.9	53.8
U. S. Labor	77.5	77.1	75.6
Dow Jones (future)	51.07	51.98	48.41
Fishers'	82.5	82.2	79.2
Monthly Indices			
Canada (D.B.S.):			
Retail (June)	86.0	86.0	82.9
W'sale (May)	82.1	83.1	73.7
U. S. (Apr.)	78.6	78.4	76.2
Gt. Brit. (Mar.)	129.4	128.5	96.6

Note: The base of indices is that 1926 equals 100. The British index is Board of Trade converted to 1930 base.

Base of price quotations is as follows: Cattle — Steers, good, over 1,050 lb., top price, Toronto. Copper-electrolytic, New York. Silk—Crack db., 13-15 New York. Sugar — 96 degrees centrifugal c/f New York. Wheat—No. 1 Man. North., Ft. W.-Pt. A. basis. Hides—No. 1 packer light.

Week in Wheat

Government Ponders Future of Exchange

May Not Completely Close Winnipeg Market — Use for Domestic Sales — To Set Up Advisory Board

From Our Own Correspondent

OTTAWA.—While the Federal Government is believed on the point of making decisions bearing on its wheat policy for the coming crop year that begins August 1, some sign is evident that complete closing down of the Winnipeg Grain Exchange will not be undertaken.

With definite prospects that the Canadian Government will become virtual owner of millions of bushels of wheat as the new crop begins to add to the 250 million bushels of old wheat now at hand, its chief interest lies in two main points—how to carry the wheat producing industry over a period of bleak prospects and how to protect itself and the financial structure of the country against vast losses latent in the present situation. From the latter point of view, the question is whether the Grain Exchange as a market mechanism will not tend to bring a better price.

Would Help Rises

While Canada's export business has narrowed down to the British cereal board, the domestic market, it is believed, can probably best be supplied through normal grain exchange operations. The Government is buying wheat, through the wheat board, at 70 cents, on the basis of No. 1 at Fort William. To protect itself against heavy losses, it has pegged the market price at 71⅜ cents, the figure at which all sales must be made. Continuance of this arrangement, which virtually eliminates normal market operations, is likely, but when and if the time arrives that the market price would rise above 71⅜ cents, the resumption of grain exchange activities can be expected. To close the exchange now would shut the door to any margins of price increases that the exchange, and probably the exchange alone, would register. No mechanism of comparable sensitiveness to world market conditions can be improvised to take the place of the exchange.

Last year when demands were heard for closing the grain exchange, it is understood the British cereal board opposed any such action in Canada. There has been no evidence of a change of heart this year.

* * *

Advisory Board

It is understood that an advisory board, already provided in the Wheat Board Act, will be set up. This was promised by Hon. W. D. Euler, when minister of trade and commerce. And another amendment is expected to authorize payments to farmers from time to time, out of Wheat Board funds, in advance of disposal of the entire crop. At present the Act provides for 70 cents and participation in ultimate returns after all the crop is sold. Hon. J. G. Gardiner promised, during the election campaign, that provision would be made for an interim payment. But such a payment remains theoretical until the price realized is consistently above the guarantee of 70 cents.

* * *

Storage Problem

Regarding storage, it is understood that provision will be made to pay storage fees to farmers in advance of delivery to elevators. This will encourage farmers to keep wheat on the farm, and enable them to provide their own storage space. An additional feature under discussion is the question of empowering the Wheat Board to make advances to farmers who are temporarily cut off from the elevators, which will be unable to take in all the wheat that is likely to be offered.

With a margin of only 150 million bushels available out of a total storage capacity in Canada of more than 400 millions, the storage problem will become acute when the new crop starts coming in next month. About 250 million bushels of 1939 wheat are still on hand, and a prospective new crop of 400 millions would leave between 200 and 250 million bushels out in the cold as far as storage is concerned. Every bushel that is sold to the United Kingdom will relieve the situation in Canada. It is estimated that that market, about the only one now open, cannot take more than 200 million bushels in the next 12 months. Domestic consumption amounts to about 125 million bushels a year.

* * *

Price Guarantee

Storage is only one aspect of the wheat problem that is rising like a thunder cloud over the Canadian economy. Decisions of vital importance to be made include the question of what figure the Canadian Government will select at which to guarantee the new crop. Under the existing Act, a price of 70 cents a bushel for No. 1 wheat at Fort William, is guaranteed by the Dominion. With marketing prospects clouded by war, the commitment involved in continuing this guarantee for another year may run into millions of dollars. But the alternative of risk in demoralization of the wheat production industry is to be weighed. In the long run, the world will need plenty of Canadian wheat and vast investments in wheat production need to be protected in the present storm against the time when millions of bushels now piling up will be needed.

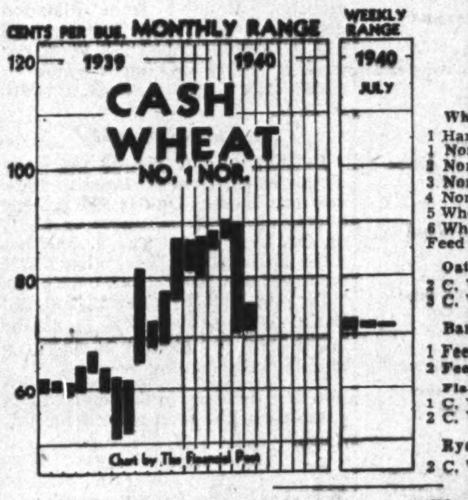
Public Utility Earnings

Mexican Light and Power

April	1940 $	1939 $	Incr. $
Gross earn.	623,898	576,223	47,675
Oper. exp.	465,911	486,468	*20,557
Net earn.	157,987	89,755	68,232
Four Months			
Gross earn.	2,479,831	2,431,037	48,794
Net earn.	573,064	411,277	161,787

*Decrease.

Wheat Prices



Cash Quotations

	For Week July 16 High	For Week July 16 Low	Prev. Week High	Prev. Week Low
Wheat:				
1 Hard	.71⅜	.71⅜	.71⅜	.71⅜
1 Nor.	.71⅜	.71⅜	.71⅜	.71⅜
2 Nor.	.68⅜	.68⅜	.68⅜	.68⅜
3 Nor.	.63⅜	.63⅜	.63⅜	.63⅜
4 Nor.	.60⅞	.60⅞	.61⅜	.60⅞
5 Wheat	.58⅜	.57⅜	.57⅜	.56⅜
6 Wheat	.56⅜	.56⅜	.56⅜	.56⅜
Feed	.52⅜	.52⅜	.52⅜	.52⅜
Oats:				
2 C. W.	.33⅜	.33	.33¾	.31⅝
3 C. W.	.31¼	.30⅛	.31¾	.29⅝
Barley:				
1 Feed	.32⅛	.31½	.32¾	.30¾
2 Feed	.31⅜	.31	.32¼	.30¼
Flax:				
1 C. W.	1.30¼	1.28	1.28½	1.27
2 C. W.	1.26¼	1.24	1.24⅛	1.23
Rye:				
2 C. W.	.45¾	.45	.46⅛	.43¾

Winnipeg Grain Futures

Week to July 16, 1940

Crop year from Aug. 1, 1939 High	Low		Open July 10	High for week	Low for week	Close July 16	Close year ago
		Wheat					
.93⅛	.61⅝	July	.71⅜	.71⅜	.71⅜	.71⅜	.53¾
.95⅝	.63⅜	Oct.	.73⅜	.73⅜	.73⅜	.73⅜	.54
.79⅜	.74⅝	Dec.	.74⅜	.74⅜	.74⅜	.74⅜	.55⅝
		Oats					
.40⅞	.28⅞	July	.32¼	.33⅜	.31⅞	.33⅜	.26
.38⅛	.26¼	Oct.	.28½	.28¾	.28	.28¼	.26⅛
.29¼	.25⅞	Dec.	.27	.27	.25⅞	.26⅛	.25¾
		Barley					
.53¾	.31⅝	July	.34¼	.34⅝	.34	.34⅝	.33¼
.52	.32⅝	Oct.	.35⅜	.36⅛	.35¼	.36¼	.32⅝
.38⅛	.33¾	Dec.	..	.36⅞	.35⅝	.36⅞	.32¾
		Flax					
2.39	1.24	July	1.29½	1.30¼	1.28	1.28	1.40¾
2.36½	1.29	Oct.	1.31¼	1.32⅞	1.31	1.31	1.32⅛
		Rye					
.81⅛	.39¾	July	.45¼	.46⅛	.45	.45¼	.36⅜
.77½	.39⅜	Oct.	.44	.45⅛	.43½	.44⅞	.37⅜
.47⅞	.39¾	Dec.	.44	.45¾	.43½	.45⅜	.38¾

United Grain Growers Limited

Dividend No. 30

Notice is hereby given that a Dividend at the rate of 5% on the paid up capital stock of the Company has been declared for the year ending July 31st, 1940.

The Dividend will be payable on the first day of August, 1940, to shareholders of record of the 25th day of July, 1940.

By order of the Board.

CHAS. C. JACKSON,
Secretary.

Winnipeg, Man.
July 9th, 1940.

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Capacity 12,500,000 Bushels
MEMBERS
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Chicago Board of Trade
New York Produce Exchange
and other Exchanges
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General Manager: C. H. G. SHORT
Vice President: HUGH MACKAY, K.C.
Directors: C. H. G. SHORT, JOHN W. HOBBS, HUGH MACKAY, K.C., WALTER MOLSON, ISAAC PITBLADO, K.C., R. W. REFORD, ALPHONSE RAYMOND, PAUL F. SISE, G. W. ALLAN, K.C., J. H. PILLMAN, FRANK S. MEIGHEN, C.M.G.
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Treasurer: R. E. HUTCHISON

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Offices: DULUTH - MINNEAPOLIS

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ESTABLISHED 1881
HEAD OFFICE — WINNIPEG, MAN.
Owning and operating country elevators and the
BAWLF TERMINAL ELEV., PORT ARTHUR, ONT.
CAPACITY 2,500,000 BUS.

FEDERAL GRAIN LIMITED
OPERATING TERMINAL ELEVATORS - FORT WILLIAM - PORT ARTHUR - VANCOUVER
423 COUNTRY ELEVATORS THROUGHOUT THE WEST
101 COAL SHEDS
Our Service and Facilities Guarantee Satisfaction

TORONTO ELEVATORS LIMITED
Also Owning and Operating the Sarnia Elevator Co. Ltd.
Capacity: Toronto, 4 Million Bushels
Sarnia, 3 Million Bushels
The most modern facilities for the storage and transfer of grains, for grain conditioning, and for the production of MASTER FEEDS for Livestock and Poultry. MASTER FEEDS are endorsed and recommended by leaders in the livestock industry of Canada.
QUEEN'S QUAY - - - TORONTO

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Week in Mining

Gold Mines Output Rises To Meet War Challenge

Even Greater Increase Anticipated For Last Half of Year — "Gold" Conference Convened on Wednesday of This Week

Production figures released by individual gold mines for the second quarter of 1940 indicate gold production across Canada is being increased substantially. This apparently results partly from the desire of the gold mining industry to supply the Dominion Government with as much foreign exchange as possible for prosecution of the war effort.

Although increases in many cases are substantial it is believed that gains for the last half of the year will be even greater than for the first half. Leaders of the Canadian mining industry gathered in Ottawa for the "gold" conference on Wednesday of this week and ways and means of increasing production were expected to receive a thorough canvassing.

Stepping up production at some mines may affect the ultimate recovery to be obtained, as pointed out previously by The Post, but apparently it is not being considered too high a price to pay if the Dominion Government will be assisted in an all-out war effort.

This attitude is illustrated by Preston East Dome Mines. Some time ago it was decided by the management to do everything possible to increase production by 10%. This policy was considered justified in view of the needs of the situation, even though it meant certain ore would have to be passed by and the ultimate length of life of the mine shortened.

* * *

Goes to England

J. P. Bickell, prominent Canadian mining man, has arrived in England to assist Lord Beaverbrook in securing greater production of airplanes.

In Canadian mining circles Mr. Bickell is known as a man of exceptional ability. McIntyre Porcupine Mines—of which he is president—is largely a Bickell product, giving evidence of his foresight and judgment.

Mr. Bickell is not the first Canadian to recently become associated with British aircraft production. This work is now under Lord Beaverbrook, a former Canadian. He is being assisted by Beverley Baxter, M.P., and Rt. Hon. R. B. Bennett, both well known to Canadians.

* * *

The American Viewpoint

Considerable interest always attaches to what Americans think of Canadian gold stocks and especially at this time when U.S. market prices are as much as 50% below those in Canada. States the Wall Street Journal:

"Of course, the big yield on Canadian gold mining issues, such as Dome, McIntyre Porcupine, and Lake Shore Mines, reflects a multitude of uncertainties, connected with the war. Psychologically they have suffered more due to the discussion by theorists of the possibility that in a new German-dominated world gold will not be as valuable as it is currently. There is much disagreement on this point even in theoretical circles. But one point that persons interested in the Canadian gold mining industry make is that since the United States is also preparing to impose severe war taxes, Canadian securities should not sell at such a severe discount as against American issues."

* * *

Ease Margin Rules

In order to encourage trading on the mining market the Toronto Stock Exchange has eased its rules on margin trading. Certain specified issues selling between 50 cents and a dollar a share may now be carried on a margin of 50%. Previously, no mining issues selling under $1 a share were eligible as collateral for a loan. There is little margin or any other trading these days, however.

Minimum margin requirements on mining stocks are now as follows: On shares under $1 (except in the case of the certain specified companies), cash; at $1 to $4 a share, 40%; at $4 and under $40, 33%; and $40 and over, 30%. These requirements apply on both purchases and short sales, it is stated.

The specified issues which may be carried on margin at under $1 a share are as follows:

Aunor	O'Brien
Beattie	Pamour
Castle-Trethewey	Perron
Chesterville	Powell Rouyn
Coniaurum	Premier
Delnite	Sheep Creek
Hard Rock	Sherritt Gordon
Kirkland Lake	Siscoe
MacLeod	Sudbury Basin
Malartic G. Fields	Sullivan
McKenzie R. Lake	Toburn
Nipissing	Upper Canada

* * *

Copper Smelter Asked

Back in 1938 C. M. Campbell, Vancouver mining engineer, advanced the idea of establishing a copper smelter on the British Columbia coast as a method of strengthening the Empire's position in metals.

Now, with war under way, the idea is advanced again and the aid of the Metals Controller, G. C. Bateman, is being solicited. The primary need is for a copper smelter, it is being urged. At present all copper concentrates in British Columbia must be shipped outside for treatment. Those from Granby are shipped to Japan, while Howe Sound's go to a U.S. smelter on the west coast.

Establishment of a British Columbia copper smelter might prove of importance at a later date, many people feel. If the United States should break off trade relations with Japan—which isn't difficult to conceive — Canada would probably break off trade relations also; difficulty might then be found in marketing our west coast concentrates if smelting facilities in the States were busy. A copper smelter is under consideration by Granby and the establishment of such a smelter on the west coast would undoubtedly put the B. C. copper-mining industry on a more stable basis.

S.E.C. Charges Co-operation Lacking Here

Ontario Securities Commission "Surprised" by Statements in U.S. Press

Charges in a New York Times article, apparently inspired by the American Securities and Exchange Commission, that Canadian authorities have changed their position and are not now co-operating with American authorities are viewed with "considerable surprise" by officials of the Ontario Securities Commission in Toronto, The Financial Post is informed.

According to officials of the Ontario Securities Commission, a great deal of assistance has been given to the S.E.C. in the past. Criticism is unjustified at this time, they declare. Much of the information released to the New York Times by the S.E.C. was actually given by the Ontario Securities Commission, it is stated.

Two specific cases are cited by the New York Times article as evidence of lack of co-operation. First, is the restoring of selling licenses to John L. Applebaum of Trans-Cambrian Investment Co. and John Herck of Investment Underwriters (now Financial Underwriters). Both are described as "high-pressure promoters."

Can't Extradite Men

The second criticism of "Canadian authorities" by the S.E.C. has to do with the efforts of J. T. Callahan, its general counsel, to have Lionel R. Brooks and Angelo Fraino extradited to the United States where they are said to be wanted on charges of fraud. Loopholes in the extradition treaty are said to have prevented these men being extradited. Lionel Brooks and Angelo Fraino were both employed by investment houses in Toronto until recently. Apparently it is felt that co-operation of Canadian authorities would have achieved this extradition by now.

At least 39 issues have been offered illegally in the United States since the beginning of 1938, it is charged in the New York Times article. Altogether 25 Canadian firms are said to have been involved in offering mining shares illegally in the United States. No exception is taken, however, to 83 issues registered under the Securities Act of 1933 or 18 registered under the Securities Act of 1934.

The S.E.C. Viewpoint

Mr. Callahan states the S.E.C. viewpoint on sale of shares in the United States as follows:

"Control over the illegal offering and sale of securities from Canada into the United States, remains a problem that can only be solved by co-operation of Canadian authorities and the Securities and Exchange Commission. Our sole interest is to protect the American investor from these continuing frauds. On this side of the border we are powerless to control violations of our acts originating in Canada. Stopping these abuses requires official action on the part of the Canadian authorities. We shall do everything possible to extend our full co-operation to that end."

A list of dealers, and issues offered "illegally" in the United States since the beginning of 1938 as supplied by Mr. Callahan to the New York Times, is as follows:

SOLD BY ISSUING COMPANIES

Triple Lake Porcupine
Galloway Gordon Lake
Capmac Gold Mining Syndicate
Ram River Oils

SOLD BY UNDERWRITERS OR DEALERS

Angus Smith & Co., Toronto:
MacGregor Porcupine Gold Syndicate
Twin Dyke Mines
Ernona Gordon Lake Mines
Royal Kirkland Gold Mines
Lake Dufault Mines

Chas. E. Ring & Co., Toronto:
Canadian Beryllium Mines & Alloys

Lakewood Investments, Toronto:
Rebair Gold Mines
Dona Patricia

John Daniel & Co., Ltd., Toronto:
Hugh-Pam Mines
Aurex Larder Gold Mines
Wales Red Lake Gold Syndicate

Taylor S. Pennington, Ltd., Toronto:
Lakeside Kirkland Mining Co.
Britcana Gold Mines
Brooke Cadillac Gold Mines

H. E. Simpson & Co., Toronto:
Hugh-Pam Porcupine Mines
New Augurita Porcupine Mines

E. M. McLean & Co., Toronto:
Devon Gold Mines

Schaeffer & Co., Toronto:
Ridgegold Porcupine Mines
North American Molybdenum Corp.

Trans-Cambrian Invest. Co., Toronto:
North American Molybdenum Corp.

Investment Underwriters Co., Toronto:
La Reine Gold Mines

Newmont Securities Ltd., Toronto:
Canadian Beryllium Mines & Alloys

A. G. White & Co., Toronto:
Golden Trinity Mines

Thomas Reilly, Toronto:
Ivan-Larder Mines

H. M. Waters & Co., Toronto:
Amhurst Gold Mines

W. S. Alvey & Co., Toronto:
Southern Gold

Investors Advisory Service:
Midwest Iron Mining Corp.

Canadian Financial Outlook:
Payco Gold Mines

Financial Indicator:
Pilot Molybdenite Co.

F. H. Marples:
Delphine Gold Mines
Hason Red Lake

M. W. Caldough & Co.:
Vermilite Oils

National Investors Registered:
North American Molybdenum Corp.

Norman Berkit, Toronto:
Akbar Gold Mines

W. R. Knox & Co., Toronto:
Algold Mines

R. M. Smith & H. J. Martin:
Burwash Yellowknife Gold Mines
Orcour Gold Mines

A. J. Butler, Toronto:
Nova Scotia Gold Mines

Hollinger Net Shows Gain

Rise in Production Value More Than Offsets Higher Taxes

Although allowance for taxes in the first six months of 1940 was more than double that for the corresponding period of last year, Hollinger Consolidated Gold Mines had an estimated net profit for the first six months of 60 cents a share against 51 cents last year.

Output Value Up

Increase in profits this year was attributable chiefly to the higher value of production. In the first six months of 1940 output was valued at $8,406,298 as compared with last year's figure of $7,455,530.

Operating expenses for the first six months of 1940 amounted to $4,385,793, an increase of under $50,000 from the corresponding period last year.

"Other Income" Rises

Part of this year's improved showing was attributable to an increase in "other income" from $195,054 to $300,784. Another contributing factor was a decline in the allowance for depreciation and exploration of outside properties from $254,016 to $202,858.

Estimated Earnings Statement
Six Months Ended June 30

	1940 $	1939 $
Val. of bullion prod. ..	8,406,298	7,455,530
Less: Oper. exps.	4,385,793	4,336,339
Prov. for taxes	1,150,000	537,848
Est. oper. profit	2,870,505	2,581,343
Add: Other income ..	300,784	195,054
Net earnings	3,171,289	2,776,397
Less: Depreciation* ..	202,858	254,016
Est. net profit	2,968,431	2,522,381
Earnings per Share ..	$0.60	$0.51
Tons Milled	885,169	853,063
Average Recovery	$9.50	$8.74

* Including expenditures on outside properties.

Kerr-Addison Sets Record

Quarterly Production and Profits Up as Ore Grade Shows Jump

Due to treatment of a higher than average grade of ore, production of Kerr-Addison Gold Mines increased over $200,000 in the three months ended June 30, 1940, according to the company's quarterly report.

Output for the June quarter of $936,368 was obtained from 110,624 tons of ore milled for an average recovery of $8.46 a ton and compared with first quarter recovery of $735,070 from 110,749 tons of ore for an average of $6.64 a ton.

Operating profit for the second quarter amounted to $587,257 or $5.31 a ton and compared with $448,349 the first quarter. The increase in production did not carry entirely through to increased operating profit as there was an increase in development during the quarter of about 40%.

Outline Ore at Depth

Drilling completed on three sections from the new levels at 1,000- and 1,300-ft. depth indicates a block of ore 150 ft. in length, 25 ft. wide and averaging 0.4443 oz. gold uncut grade or 0.2442 cut grade a ton. The programme is to drill a flat hole and an up and a down hole at 38 degrees from each level at intervals of 75 ft.

Drifting on the No. 16 ore body on the 500-ft. level has closely checked quantity and grade of ore as previously estimated from diamond drilling, it is stated. Drifting and test holing developed 258 ft. of ore grading 0.6319 oz. uncut value or 0.3595 oz. cut grade across a width of 13 ft.

Ore in No. 19 Body

Drifting on the No. 19 ore body at the 500-ft. level is stated to show two ore shoots. One is 225 ft. long averaging 0.2886 oz. uncut or 0.1917 oz. cut over 62 in. The second has a length of 500 ft. averaging 0.2255 oz. uncut or 0.2006 oz. cut over 87 in.

Development by drifting and test holing of ore body No. 14 at the 700-ft level is stated to be checking closely with drilling results.

The company has ordered a new hoist for delivery in the autumn and excavation has been started for this hoist.

Shaw Petroleums Uses Gravel Pack

No. 2 Well Now Gives 120 Bbls. Daily—Pipeline Survey Made

From Our Own Correspondent

WINNIPEG. — The gravel pack seems the probable solution to the troubles which have been encountered in the oil pumping of wells at Lloydminster. The Shaw Petroleum No. 2 well recently put on the pump and is now producing at around 120 bbls. of heavy crude daily following installation of the pack.

This well was drilled to a depth of 1,755 ft. just a year ago and since that time various types of pumping equipment have been tried, none of them very successfully previously. A combination of gas and sand in the hole resulted in retarding anything like steady commercial production.

Pack Strains Oil

Although the gravel pack which has been installed has been in use in California for the past two years, it is the first time it has been tried out in the Lloydminster area. The pack strains the oil through closely packed gravel, keeping back the major portion of the sand present in the oil.

Surveys in the town of Saskatoon for the installation of a piping system for natural gas is now about complete, as is also a survey of the route to be used between the gas wells of Lloydminster and the town. Northern Natural Gas is now ready to swing into the actual pipe-laying part of its programme.

New Well Started

Drilling operations have commenced on the Lloydminster Colgate No. 1 well, one mile west and 3.5 miles south of Lloydminster on the Alberta side of the line. This well is about half way between Shaw Petroleum No. 1, a gas producer, and Lloydminster Royalties No. 1 which is producing oil.

Preparations have been completed to make a test run of crude oil from the Shaw Petroleum No. 2 well through the pilot plant of the Shaw Petroleum refinery one mile west of Lloydminster.

Allow Depletion In Defense Tax

Mining and oil companies entitled to allowance for depletion will charge the 2% National Defense Tax on only 80% of dividends, allowing 20% for depletion, according to a ruling handed down by C. Fraser Elliott, K.C., Commissioner of Income Tax.

In practice this will amount to a deduction at the source of 1.6% from shareholders' dividends instead of the 2% that would be deducted for the National Defense Tax if no allowance for depletion was made.

Company Reports

McDougall-Segur

A slight reduction in profits was experienced by McDougall-Segur Exploration Co. in the year ended March 31, 1940, with earnings equal to 1.3 cents a share compared with 1.5 cents the previous year. Working capital showed a reduction of about $26,000 to $33,249 after distributing $28,686 in dividends.

Following failure of a well in the Jumping Pound area it has been decided to drop leases held in the eastern section of the field while retaining those in the western portion of the area. During the year a 20% interest was taken in a well drilled on the Rainy Hills structure. An interest is also held in the A. P. Consolidated-Sheppard Creek No. 1 well.

Income and Surplus Account
Years Ended March 31

	1940 $	1939 $
Production acct. bal. .	387	178
Add: Royalties rec. ..	10,897	13,767
Divds. received	39,375	39,955
Bank interest	459	891
Transfer fees	761	274
Miscellaneous	524	2,016
Total net income	52,403	56,725
Less: Gen. expenses .	8,583	7,409
Depreciation	5,522	5,450
Depletion	1,594	1,741
Estimated taxes ...	......	450
Net profit	36,704	41,585
Less: Dividends	28,686	......
Surplus for year	8,018	41,585
Add: Prev. surplus ..	114,931	72,839
Advances prev. w/o	......	176
Inc. tax refund	......	331
Balance forward	122,949	114,931
Earnings per Share and Dividend Record:		
Earned	$0.013	$0.015
Paid	0.01	nil
No. of Shs. Outstand.	2,868,594	2,868,594

Working Capital

	1940 $	1939 $
Current assets	34,325	60,424
Current liabilities	1,076	1,184
Working capital	33,249	59,240

Chief Investments (Shares)

	1940	1939
Royal Crest	30,000	30,000
Royalite	4,400	4,400
Sunset Oils	237,038	346,083
Osoyoos	67,000	67,000
Petroleum Invests. ..	2,000	2,000

Brown Oil

Writing off of large amounts for development resulted in Brown Oil Corp. showing a loss of $6,416 for the year ended March 31, 1940, compared with a profit of $165,287 the year previous. Working capital, however, increased from $3,068 to $95,162.

A proposal is being presented to shareholders on July 30 for a reduction in capital by repayment of $7.50 a share on each of the 4,200 shares outstanding.

When geological formation was found to be logging deeply, it was decided to abandon the company's No. 6 well at 4,517 ft. An interest was taken in Baroils which drilled a well on the Jumping Pound structure, but faulting was encountered and the well abandoned.

Income and Surplus Account
Years Ended March 31

	1940 $	1939 $
Gross sales	383,297	537,588
Less: Royalties	99,963	141,086
	283,334	396,502
Less: Prod. exps.	33,161	49,002
	250,173	347,500
Add: Other income ..	750	4,500
	250,923	352,000
Less: Admin.	9,600	11,850
Advertising	482	......
Audit	350	......
Bank interest	......	3,129
Lease rentals	440	1,139
Legal fees	865	737
Taxes and licenses .	896	806
Other gen. exps. ...	2,427	5,371
Depreciation	12,927	17,236
Depletion	......	69,369
Development w/o ..	203,015	29,756
Salaries	6,750	......
Income taxes	......	47,185
Loss on tanks	......	135
Brown No. 3 well ..	17,509	......
Bad debts	2,078	......
Loss for year	6,416	*165,287
Less: Pref. divds.	25,200	25,200
Deficit for year	31,616	*140,087
Less: Prev. surplus ..	172,799	47,712
Devel. adjust.	5,898	......
Inc. tax adjust.	28,065	......
Add: Loss on invests.	......	15,000
No. 3 well w/o	74,250	74,250
Addit. devel. w/o ..	130,030	......
Deficit forward	29,134	*98,549

*Profit or surplus.

No. of Shs. Outstanding:		
Preferred	4,200	4,200
Common	1,900,005	1,800,005

Working Capital

	1940	1939
Current assets	103,280	64,948
Current liabilities	8,118	61,880
Working capital	95,162	3,068

Alliance Paper Mills Plan Mill Addition

MONTREAL. — Alliance Paper Mills, subsidiary of Howard Smith Paper Mills, is reported to be considering plans for a new addition to the Merritton Mill at a cost of $60,000. Consideration is being given to going ahead with the work this summer so as to have the addition completed in the early fall.

Week in Oils

Price Boost Expected

From Our Own Correspondent

CALGARY.—A general increase of eight cents per barrel in posted prices for Turner Valley crude oil has been decided on and will likely take effect in the immediate future, according to information received by The Financial Post.

Usually reliable sources state that an announcement of the price increase will likely be made within a very few days by the two posting companies, Imperial Oil and British American Oil Co.

An eight cents per barrel boost in crude prices would increase annual revenue of Turner Valley oil producers by some $680,000, assuming an annual oil yield of 8.5 million bbls.—a figure that will be at least equalled, and probably somewhat exceeded, this year.

* * *

Would Effect Drilling

The boost would undoubtedly have a very favorable effect on Turner Valley development, speeding up the many plans now being considered for drilling along the relatively virgin central and northwest flanks of the structure.

Present posted prices for discolored naphtha and crude oil start at $1.06 per barrel for 36-36.9 degrees gravity, increasing two cents per bbl. for each degree increase in gravity up to 63-63.9 degrees, worth $1.60. All products of gravity 64 degrees and over have a present value of $1.62. Under the new schedule all prices would be increased 8 cents per bbl. The average crude with a gravity of 43 degrees, would rise in value from $1.20 to $1.28 per barrel.

* * *

Controller Steps In

It is understood that the price boost was decided on last week following consultation between the producers, the marketers and Government authorities. It would pass on to the producer the 8 cents per barrel reduction in Turner Valley-Calgary pipe-line transportation and handling charges, effected last July. The boost was recommended in the McGillivray Royal Commission report on the oil industry, recently made public, but the Alberta Government at that time opposed the recommendation and proposed instead that the pipe-line saving be shared between the producer and the Government.

Subsequently the Dominion Government, anxious to utilize natural resources to the limit in its war effort, appointed an Oil Controller with sweeping powers over the entire Canadian oil industry. There is a definite connection, it is said, between the appointing of an oil controller and the swift decision to carry out the recommendations of the McGillivray Commission.

* * *

Expect Allowable Boost

Reports from Prairie Province oil marketers indicate that a further substantial increase in Turner Valley allowable will be necessary in the next few days if the very heavy seasonal demands in the area served by this field are to be met.

It is understood that the field has been adjusted to the 26,000 barrel allowable schedule set on July 6, and that actual production is now running slightly above present allowable. To meet late summer demands, however, it will be necessary to increase production by several thousand barrels daily. The Conservation Board and the operators are closely checking wells to determine the effect of present output on operating conditions, and it is believed that sufficient data will be on hand this week end to permit preparation of a new allowable schedule, increasing total field production.

* * *

Re-enters Oil Picture

Maynard J. Davies, recently retired from active management of Davies Petroleum, has re-entered the Alberta oil development picture. He has taken over a 6,000-acre block on the Livingstone anticline in townships 13 and 14, ranges 3 and 4w5, has formed a new company, Davies Explorations, and hopes to start the first test well within 30 days. Davies states that a number of local companies are expected to participate in the test.

Russell V. Johnson, Calgary geologist, has worked on the Livingstone field for two years, strongly favors it, and was responsible for the acquisition of the Davies acreage. Johnson describes the field as a definite closure lying to the east of Savanah Creek field and west of Lundbreck. The field is a Devonian limestone structure comparable to Moose Dome, and maximum drilling depth to potential oil and gas zones is placed at only 3,000 ft. To ensure a close check on all potentially productive horizons, the Davies test will be drilled with cable tools.

* * *

Spud Buckley Well

The Buckley Oils No. 1 well in the Twin River field has been spudded in and is making hole below 200 ft. Location is in L.S.D. 4 23-1-20w4, near the Alberta-Montana border. Heavy duty rotary rig is being used, with the Madison limestone objective looked for around 3,900 ft. The test is financed through the Vancouver company, Clifton C. Cross & Co. (B.C.) Ltd., by sale of preferred net royalties.

Heavy duty rotary rig is also being installed at the Western Drilling Co. No. 4 site in L.S.D. 16 3-2-20w4, and this test should spud in the near future. It is financed by the E. L. Cord and Cross groups.

* * *

A crew has been dispatched to the Grease Creek Petroleums-Northwest Co. joint test in the Grease Creek field, and is preparing to resume drilling from 7,020 ft. after a lengthy shut-down due to road conditions. Bottom hole is believed at the base of the Blairmore formation, near the top of the Dalhousie sand.

Preston Will Soon Open New Levels

Operating Earnings 22 Cents For Six Months Before Write-offs

With shaft sinking at Preston East Dome Mines expected to reach the objective of 1,650 ft. during the present month, development work will soon be under way on a block of seven new levels, shareholders are informed in the company's semi-annual report.

An enlarged exploration programme is now contemplated with the object of making a decision on the advisability of a mill increase.

$105,415 For E. P. T.

Operating profit for the six months ended June 30, 1940 amounted to $658,242 or 22 cents a share after allowance for excess profits tax but before allowance for write-offs. Allowance for excess profits tax amounted to $105,415.

Capital expenditures for the six months totalled $391,436, including additions to plant, shaft sinking and the purchase of an adjoining claim of 40 acres.

Steps Up Output

In order to increase the amount of foreign exchange available for the Dominion Government, instructions have been given to the mine manager "to do everything possible to increase the monthly production by at least 10%." The management feels that this policy is warranted even if it means some curtailment of the ultimate production of the mine through loss of marginal ore bodies.

Production in the six months ended June 30, 1940, amounted to $1,101,217 obtained from 80,923 tons of ore for an average recovery of $13.60 a ton.

Jason Mines Pours First Gold Brick

Run of 26 Days Gives $27,400 Brick — Mill Treating 120 Tons

After 26 days of production, Jason Mines poured its first gold brick on July 13. Value of the brick is reported at $27,400, but word has not yet been received from the mine whether this was at $35 or $38.50 an ounce.

During the initial period of milling operations, mill feed included waste rock and material from the surface ore dump. The usual absorption took place and part of the gold in the ore is now tied up in the mill circuit.

Mill Rate Rises

In June the mill treated an average of 82 tons of ore daily; so far in July an average of 120 tons daily is said to have been treated.

Mill heads on July 9, 10 and 11 were estimated as follows: $21.82, $24.96 and $28.11 with tailings calculated at 93 cents, 99 cents and 87½ cents a ton on the respective days.

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Macassa Profits Show Increase

Quarter Shows Gain and Total For First Six Months Also Higher

Estimated net earnings of Macassa Mines showed an increase in the three months ended June 30, 1940, amounting to 9.8 cents a share compared with 9.3 cents a share the preceding three months.

Earnings for the first six months of 1940 totalled 19.1 cents a share compared with 18.7 cents a share the corresponding period last year.

Production Rises

Production was slightly higher in the June quarter at $648,114 obtained from 37,425 tons of ore milled for an average recovery of $17.32 a ton. In the March quarter output was $637,539 from 37,231 tons of ore, an average of $17.12 a ton.

Production was higher the first six months of 1940 compared with the first half of 1939. Output this year totalled $1,285,653 from 74,656 tons of ore as against $1,142,171 from 73,443 tons of ore.

Estimated Earnings

	3 mos. ended June 30 1940 $	6 mos. ended June 30 1940 $
Gr. val. of prod.	648,114	1,285,653
Less: Devel., oper. exps. & adm.	247,936	501,938
Depr. on plant, equip. & def. devel. w/o .	63,230	135,850
Res. for taxes	73,522	141,304
Est. net oper. prof. ..	258,426	506,564
Add: Other inc.	5,295	6,820
Total est. net earn. ..	263,721	513,384
Earns. per Share	$0.098	$0.191
No. of Tons Milled ..	37,425	74,656
Aver. Recov. per Ton	$17.32	$17.22

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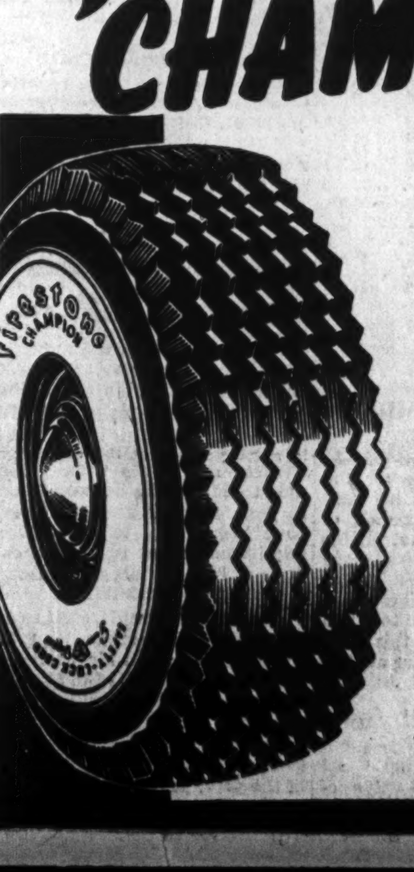


Earnings Run Up to 50% on New Golds

Several Factors Hurt Markets But Mine Positions Encourage

By GORDON M. GRANT
Staff Writer, The Financial Post

One of the most striking anomalies of the present mining market is the high level of earnings now showing on the majority of new gold mining enterprises.

Ordinarily new mines are looked on as most likely to experience expansion and investors are usually willing to pay a premium to secure shares that appear to offer a chance of market appreciation. But by no stretch of the imagination can such a situation be said to exist today.

Just now the new issues are the most depressed group on the whole market if the relation of stock prices and current earnings is considered. Less than one month ago, one stock—Broulan Porcupine Mines—was selling within striking distance of its annual operating earnings. Today earnings on new gold mining issues are running all the way up to 50% of present share prices—much higher than on long-established senior golds.

Several Reasons Seen

Several possible reasons can be advanced why new gold mining operations are selling relatively lower than the senior issues. In some cases promoters have been left with a large part of the shares purchased to bring a mine into production. These shares are overhanging the market and tend to keep the price of the stock down. Since there has been only a limited volume of trading on the market it has been almost impossible to secure share distribution.

With sliding markets some issues have dropped below the $1 mark, becoming ineligible for market collateral. These stocks have often been eliminated from weakened margin accounts.

While new gold mining enterprises are ordinarily looked on as presenting some of the best possibilities of capital appreciation, they are also more speculative in character than the "seniors." What little buying has come into the market has been largely of an investment character and has passed by most of the new gold mining enterprises.

No Dividends—No Buy

A large number of people have been looking for a return on their money and many of the new gold mines are not yet paying dividends. Here again the new golds have been neglected. Some issues such as East Malartic and Kerr-Addison have just started payment of dividends but investors are not clear on what the ultimate expectation of dividends is.

Considerations such as these have been important factors in keeping down the prices of new gold mining enterprises but they do not reflect on the intrinsic values behind the shares concerned.

New Mines Have Exemption

New mines may not have their development as far advanced as some of the more seasoned producers but on the other hand, they are paying 18% less taxation on profits than the older mines. Many of the junior mines have bought supplies ahead of requirements and are thus in a favorable position to meet any rise in costs.

While the excess profits tax is payable by the new gold mines as well as those coming into production before Jan. 1, 1938, the tax is not considered a heavy burden. A price of $38.50 an ounce is being received for gold rather than $35—the difference will pay the tax and leave something over.

High earnings on new gold mines in the past have often been a danger signal indicating that a mine may not have the ore resources to suggest a very long life.

New Mines Have Reserves

In the present market, however, the companies with the highest rates of earnings have relatively large ore reserves. In addition, the ratio of profit being realized is quite high, indicating that these companies will not suffer more than others from a general rise in mining costs. There is, of course, no more reason for junior mines to worry about the price of gold than the older enterprises—both have almost an equal stake in gold's future.

To show the present high earnings on many of our new mines, in the accompanying chart share profits have been estimated for a number of companies taking into account information available. The excess profits tax, the present level of production and the past record of profits and costs are all considered in estimating the present rate of profit. However, the figures only represent an estimate and are usually based on very short periods of production. A fluctuation in monthly production alone would be enough to make the earnings estimate too high or too low.

The cases deal with some of the newer gold mines where the level of earnings is known to be running quite high. This story lists them by the rate being earned; it is not intended to suggest, however, that companies with the highest earnings necessarily represent the best value.

Chesterville

Last month earnings of Chesterville Larder Lake Mining Co. were equal to 2.8 cents a share after all charges or an annual rate of earnings of 33 cents a share. The stock capitalizes earnings just twice at 66 cents a share.

Minewise Chesterville appears to be in better shape than many Canadian gold mines. Enough ore has been placed in sight so far this year to keep the mill going to the end of 1940 and to still show an increase in ore reserves at the end of the year. Reserves are sufficient for milling with the new enlarged capacity for 4½ years without counting anything for considerable new ore indicated by diamond drilling in recent months.

Cochenour Willans

Production at Cochenour Willans is now running much higher than officials had anticipated and the present rate may not continue over an extended period. On the basis of present production, however, a "slide-rule profit" of 18 cents a share per annum can be worked out.

In spite of the fact that milling operations were commenced only last November, the company is understood to have a strong treasury position.

Ore reserves last December were estimated at three years' requirements above the 275-ft. level. New ore disclosures this year have been important, suggesting further growth as a distinct possibility.

Broulan Porcupine

Production and profits of Broulan Porcupine Mines have been showing a consistent rise ever since production was commenced at the leased mill of Mace Gold Mines last November. Net profits are now believed to be running in the neighborhood of 18 cents a share per annum.

The company has its own mill under construction and completion is expected about Sept. 1. It is possible that both plants will be operated until the end of the year with about 500 tons of ore being treated daily.

Madsen Red Lake

Higher production last quarter suggests that earnings of Madsen Red Lake Gold Mines may be running around 10 cents a share if costs of an enlarged development programme have not been too great. Ore reserves are sufficient to keep the mill running over 2½ years at its present rate.

With drilling indicating the downward extension of ore, the company's future appears much brighter than when production was first commenced. At that time it was thought that production might be on a salvage basis.

Privateer Mine

Production is running somewhat lower at Privateer than at this time last year and it appears that profits may be running about the amount being paid in dividends—20 cents a share per annum.

Ore reserves at Privateer are relatively small—about 1¼ years milling requirements after allowing for the sorting out of waste rock—but ore reserve figures do not allow for known potential sources of ore. Nothing is included for the company's Van Isle and Prident workings.

Recently the company took an option on Proserpine Gold Mines where it is hoped a subsidiary gold mining operation can be developed.

Malartic Gold Fields

Although information for basing an estimate of earnings is rather sketchy, it appears that earnings at Malartic Gold Fields may have been recently running as high as 19 cents a share. Steps are now being taken to step up mill capacity to approximately 500 tons daily from the present 400-ton rate.

Mine development has been disclosing new ore quite rapidly and official expectation is that the milling rate will be stepped up considerably above even the 500-ton rate.

Preston East Dome

In order to assist the Dominion Government in the securing foreign exchange, Preston East Dome Mines is stepping up its bullion production by 10%. Earnings are running close to 40 cents per annum.

Deepening the company's shaft from 675 to 1,580 ft. was started early this year and is to be completed this month. It will give more than double the number of levels to open up and may prove a prelude to a step-up in mill capacity from 500 to 1,000 tons daily, the company's ultimate objective.

Hard Rock

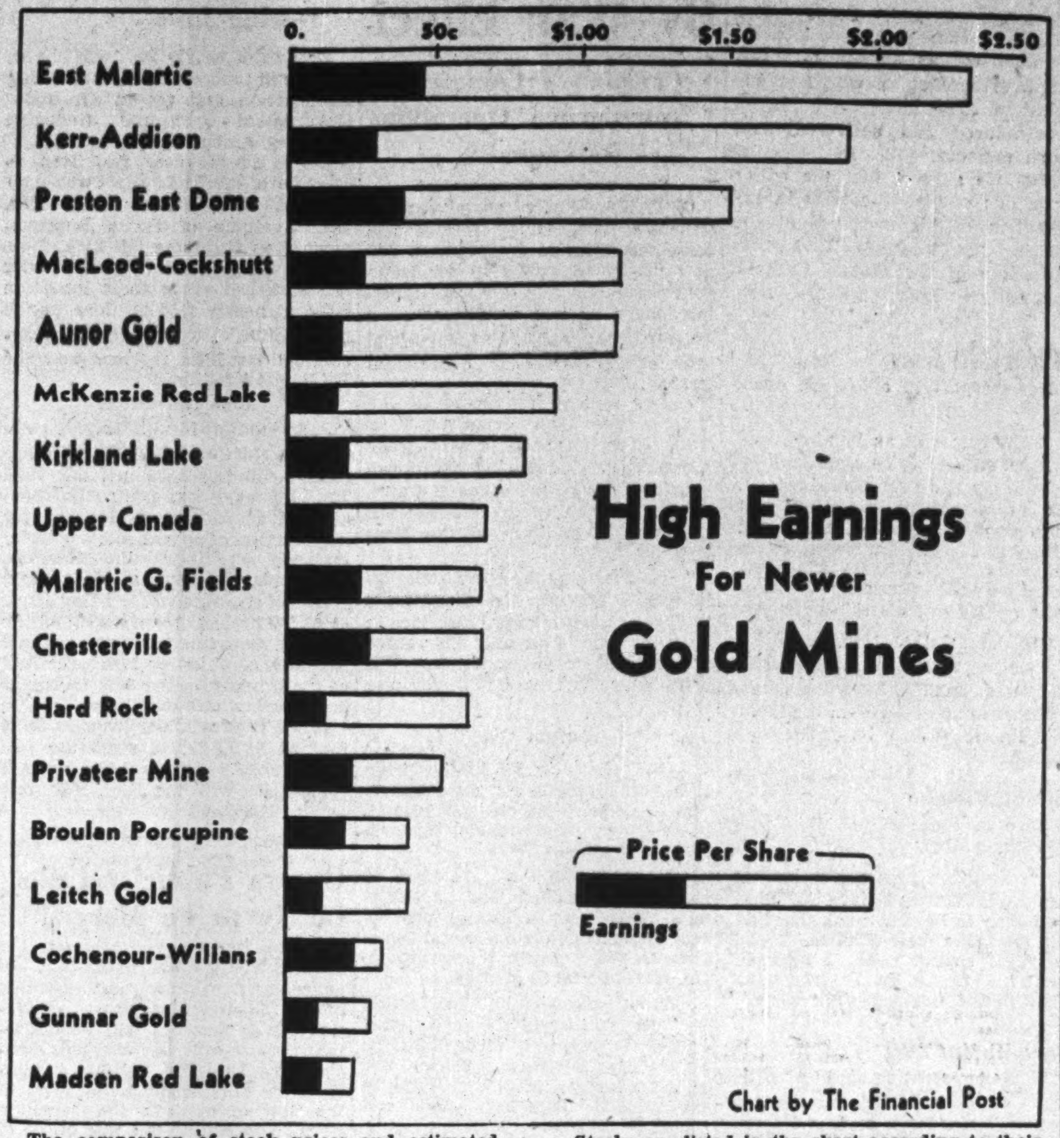
Although it looks as if Hard Rock Gold Mines will earn 14 cents a share this year which is about 24% on the present market price, the company's exemption from corporate taxation will end this year which will reduce earnings nearly a fifth if not offset by something else.

With its new roaster in effective operation, the company is getting much better results than ever before. At the present milling rate there is enough ore for over six years.

MacLeod-Cockshutt

From official statements, it appears that MacLeod-Cockshutt Gold Mines is earning at the rate of 26 cents a share after allowing for excess profits tax. Earnings for the six months ended March 31, 1950, were only 10.5 cents a share but the tempo of operations has been stepped up since then.

A million tons of ore in reserve will be sufficient to keep the mill at capacity for over four years without opening any further ore.



The comparison of stock prices and estimated earnings in the above chart indicates that the majority of new gold mining issues are now earning over 20%—compared with less than 10% just a few years ago. Many issues, however, are not yet paying dividends as treasuries must often be built up when mines come into production.

Stocks are listed in the chart according to their prices at the close last Monday. In the accompanying story, individual write-ups cover the various companies according to their earning rate. The earnings figures in most cases are estimates only and do not pretend to be more than a fair approximation to the amount being earned at this time.

Leitch Gold

Earnings of Leitch Gold Mines are expected to show little change from last year despite the excess profits tax and the fact that the company has now become liable to Dominion corporation tax.

Exploration is being extended this year and the company has completed arrangements for purchase of an adjoining property on an option basis. Ore reserves were increased from 67,045 to 121,606 tons in 1939.

Gunnar Gold

Gunnar Gold Mines is holding its gold production at around $55,000 monthly the same as last year. After allowance for excess profits tax, earnings now appear in the neighborhood of 7 cents a share or about 10% under those of last year.

The company recently completed a large programme of shaft sinking and first lateral work on the new bottom level at 1,750 ft. has opened up over 200 ft. of better than mine average ore.

Kirkland Lake

While Kirkland Lake Gold Mining Co. is not a new mine, the level of earnings shown is relatively high. Following a step-up in mill capacity to 400 tons daily not long ago, indications suggest profits at a rate of about 16 cents a share. With shares selling at 80 cents a share, this represents an earnings rate of 20% per annum.

Plans this year call for a systematic clean-up of upper levels along with continued active development of lower level ore systems on which work has been concentrated the past two years.

East Malartic

Net profits of East Malartic Mines for the first three months of 1940 amounted to 12.2 cents a share after all charges. Even after allowing for the excess profits tax, net earnings appear to be in the neighborhood of 45 cents a share.

It is not believed that further consideration will be given to raising mill capacity until results are obtained from a series of new levels recently made available by shaft sinking. Preliminary diamond drilling from above suggested favorable results. At the end of 1939 reserves were estimated at 2,912,725 tons of $6.58 grade; in addition there were 476,587 tons of $6.78 grade ore in pillars.

Kerr Addison

As reported exclusively by The Post last week, production figures of Kerr Addison Gold Mines for the second quarter of 1940 were much higher, indicating a big step-up in operating profits. Granted a large part of the increase in output was an unusual occurrence, annual profits may still run as high as 35 cents a share after all charges. This would give an earning rate of 19%—the same as for East Malartic Mines.

Kerr Addison appears on the eve of further mill expansion with a step-up in tonnage from 1,200 to 1,800 tons daily being envisaged by the management.

Upper Canada

Production rate at Upper Canada Mines was increased from 150 to 200 tons daily recently to assist the Dominion Government by producing more gold. Treatment of about the same grade of ore would suggest earnings of 14 cents a share per annum.

Last September it was estimated there was sufficient ore above the 500-ft. level for milling at least two years. Since then impressive lengths of new ore have been opened up.

McKenzie Red Lake

Production the first quarter of this year at McKenzie Red Lake Gold Mines was at a somewhat lower rate, indicating earnings of about 14 cents a share after all charges. Officials believe that the production drop in the first quarter was only of a temporary character due to absorption in the mill circuit so earnings may be on a higher basis the rest of the year.

Estimating ore reserves at McKenzie Red Lake is difficult due to the lenticular nature of the ore. However, the reserve position has been maintained the last few years, it is stated.

Aunor Gold

While it is rather difficult to estimate earnings for Aunor Gold Mines, results in the first quarter of this year suggest earnings of over 15 cents a share.

When the 300-ton mill was erected the latter part of last year, future expansion was allowed for and doubling of the mill could be carried out at very little expense. Further levels are now being opened up below the 1,000-ft. horizon and results obtained at depth will undoubtedly have an important bearing on future expansion.

Mining Concentrates

Arntfield Gold Mines had a higher production in June as follows:

1940.	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	9,320	310	3.69	34,341
May	9,582	309	3.03	29,006

* * *

Buffalo Ankerite Gold Mines showed a slight decrease in production for the last quarter:

Quarter ended	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June 30, 1940	93,586	1,028	6.58	615,893
Mar. 31, 1940	94,433	1,049	7.07	667,987

* * *

Bidgood Kirkland Gold Mines showed a reduction in recovery in June as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	4,302	143	6.32	27,199
May	4,418	143	7.87	34,769

* * *

Broulan Porcupine Mines is proceeding with mill construction with screen house nearly completed and crusher house going up quickly. Production for June amounted to $101,000 from 8,612 tons of ore milled for an average recovery of $11.73 a ton. This compared with the previous month's $101,968 recovery from 9,177 tons for an average recovery of $11.11 a ton.

* * *

Dorval Siscoe Mines advises the Toronto Stock Exchange that July 4 installment comprising option on 150,000 shares at 5 cents a share has not been exercised with the agreement terminated by default.

Golden Gate Mining Co. production was slightly higher last month:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	1,945	65	10.90	21,199
May	2,108	68	9.53	20,083

* * *

Howey Gold Mines had an operating profit of $48,400 in the second quarter of 1940 compared with $69,600 in the preceding three months. Production of $237,000 the second quarter was obtained from 136,600 tons of ore for an average recovery of $1.73 a ton. Nothing is included in operating profit for the company's income from East Malartic or other security holdings.

* * *

Hollinger Consolidated crosscut a further 96 ft. into Gillies Lake ground during June, making a total advance of 920 ft. into Gillies ground. Four diamond drill holes totalling 578 ft. were put out from the west end of the drift which showed some quartz with slight mineralization. One assay ran 0.10 oz. over 1.5 ft. with all other assays returning only a trace of gold.

* * *

Island Mountain Mines reports higher production for June as shown below:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	3,902	130	15.63	60,981
May	3,933	127	14.64	57,581

* * *

Malartic Gold Fields has ordered a new ball mill, classifier and agitators designed to add 100 tons daily capacity to the mill, bringing it up to 500 tons daily.

* * *

Madsen Red Lake Gold Mines established a new record for quarterly production in the three months ended June 30, 1940, as shown below:

Quarter ended	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June 30, 1940	36,401	400	7.66	278,793
Mar. 31, 1940	36,613	407	6.50	237,964

* * *

Premier Border Gold Mining Co. has started work on a new showing on the company's property adjoining Silbak-Premier Mines in the Portland Canal district. The new showing was disclosed by a landslide.

* * *

Privateer Mine is stated to have opened a high-grade showing on No. 2 vein on the 1,000-ft. level with 150 ft. averaging 6.38 oz. across 9 inches. Muck sampling ran 1.18 oz. over mining width. In drifting through this ore about $22,000 in gold is stated to have been recovered.

* * *

Preston East Dome reports an increase in production last month as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	14,853	495	12.15	180,489
May	14,047	453	12.67	178,017

* * *

Silversmith Mines plans a stock selling campaign to finance further work, according to a letter forwarded to shareholders. Stock will be sold at 50 cents a share. Shareholders are asked to approve a change in the number of directors "to enable us to appoint substantial investors and prominent men on the board of directors."

* * *

Sand River Mining Co. production was slightly lower in the month of June:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	2,513	84	12.72	31,985
May	3,060	99	10.52	32,216

* * *

Spud Valley Gold Mines had a slightly lower recovery in June as follows:

1940:	Tons milled	Tons daily	Recov. per ton $	Total recov. $
June	2,328	78	20.49	47,694
May	2,266	74	22.43	51,350

* * *

Sheep Creek Gold Mines is stated to have abandoned its plan to acquire a 51% interest in the Clinton property of Vidette Gold Mines under which it was proposed to advance $25,000 to meet certain debts of Vidette and provide working capital for development.

* * *

Wood Cadillac Mines production for June is reported at $41,918 from 6,577 tons of ore for an average recovery of $6.37 a ton. Gross production for the previous month was given at $33,000. Lower average recovery in June is stated to be due to the fact that in development work lower than mine average grade ore is being broken, but is all being sent to the mill. A betterment in this condition was expected by the end of July.

Survey Reveals Resources Of Labrador Iron Ore

Interesting new information on the iron ore potentialities of Labrador is provided by a new survey of work completed in the area.

Apparently the chief iron disclosures to date are in two districts held by the Labrador Mining and Exploration Co., near Sawyer Lake and at Ruth Lake, located approximately 50 miles apart.

Most of the recent work has been completed at Sawyer Lake where high-grade hematite iron ore was discovered in 1937. The ore discovery consists of a hill 100 ft. high which is surrounded by swamp and low-lying ground. Surface pits were used to expose the ore. Chip samples along three-inch channels about an inch deep gave an overall average within the arbitrary limits of the ore body of 65.5% iron. Phosphorus content was low.

This sampling was done in 1938. Surface work since is stated to have confirmed continuity of the ore. The surface area of the Sawyer iron body is given at approximately 220,000 square feet. Assuming 10 cubic feet of ore per ton, a possible tonnage of 2,200,000 tons per 100 feet of vertical depth is seen. Several trenches are not included in the above area and with further work it is believed the ore area could be extended to 300,000 square feet.

Don't Know Depth

There is practically no information on the vertical extent of the iron ore as yet. The hill is 100 feet high, however, and it is anticipated that the ore will have at least this depth. It could possibly be, however, that there is just a thin capping at surface. Drilling will be necessary to determine vertical continuity.

The discovery of iron ore in the Ruth Lake district was made by a party working under Drs. James and Gill in 1929. Three ore bodies are shown on maps made at that time.

A "bench" of iron ore with a length of 3,000 feet was discovered in first work at Ruth Lake. This deposit can also be traced for a considerable distance further. No systematic sampling of the ore has yet been done but the assays available indicate a relatively high grade of ore.

A few samples were taken by the James and Gill party in 1929 where the ore was exposed along the flank of the ridge. These samples showed an iron content of about 57% with a low phosphorus content.

Ore Contains Manganese

Some of the samples taken ran relatively high in manganese as were a few which were taken later in 1936. One sample taken across a 30-foot width ran 46.62% iron with a manganese content of 13.70%. The ore has the appearance of being uniform at surface and it is thought by engineers that the ore body will prove of fairly uniform iron grade.

The width of the bench is estimated at 50 feet and its flank on the side of the bench is 100 feet. Taking dimensions as 3,000 feet long, 30 feet wide by 100 feet deep a tonnage of 750,000 tons is estimated, assuming 12 cubic feet to the ton. Chances of extending the tonnage are believed to be good. The 30-foot width is believed to be a minimum with the possibility the bench has been narrowed by erosion and that the buried axis may be deeper.

No. 3 Body Large

Grade of No. 3 ore body is stated to be about the same as No. 1 ore body. A length of 5,000 feet is assumed with a minimum width of 30 ft. and a depth of at least 100 feet. Folding may double the indicated length, it is stated. There may be possibly 1,250,000 tons in this deposit.

Four possible rail routes have been considered for tapping these Labrador iron deposits, the first being to the Atlantic coast, a distance of 215 miles. To the Ungava the distance would be 310 miles, the same as to the Romaine River emptying into the St. Lawrence. A longer route to the Saguenay might possibly secure assistance from the Quebec Government, it is believed.

Crown Reserve Gets Damages

Dr. George A. MacKay Ordered to Pay Over More Than $360,000

Under a judgment handed down last week in the Supreme Court of Ontario, Dr. George A. MacKay, defendant in a mining action, is ordered to pay Crown Reserve Consolidated Mines, the plaintiff, $163,881, and $204,665 as damages.

The order is stated to follow a judgment against Dr. MacKay delivered by Mr. Justice Greene in regard to certain mining transactions.

Fixes Value of Shares

His lordship had directed that Dr. MacKay make delivery of 409,703 shares of Canadian Reserve Mines to Crown Reserve Consolidated Mines and that if he failed to do so, damages would be assessed against the defendant. F. H. Barlow, master of the Supreme Court, fixes the value of these shares at $163,881.

Mr. Justice Greene also handed down a finding that Larder Lake assets had been sold by the defendant to Canadian Reserve Mines at an undervaluation and the master of the Supreme Court was asked to assess damages against him in consequence of this transaction. These were fixed at $204,665.

Moneta Porcupine Net Higher Last Quarter

Higher bullion production resulted in a step up in net profit to $139,352 equal to 5.5 cents a share for Moneta Porcupine Mines in the three months ended June 30, 1940, according to the company's quarterly statement.

In the corresponding period last year, profit was $131,690 or 5.2 cents a share.

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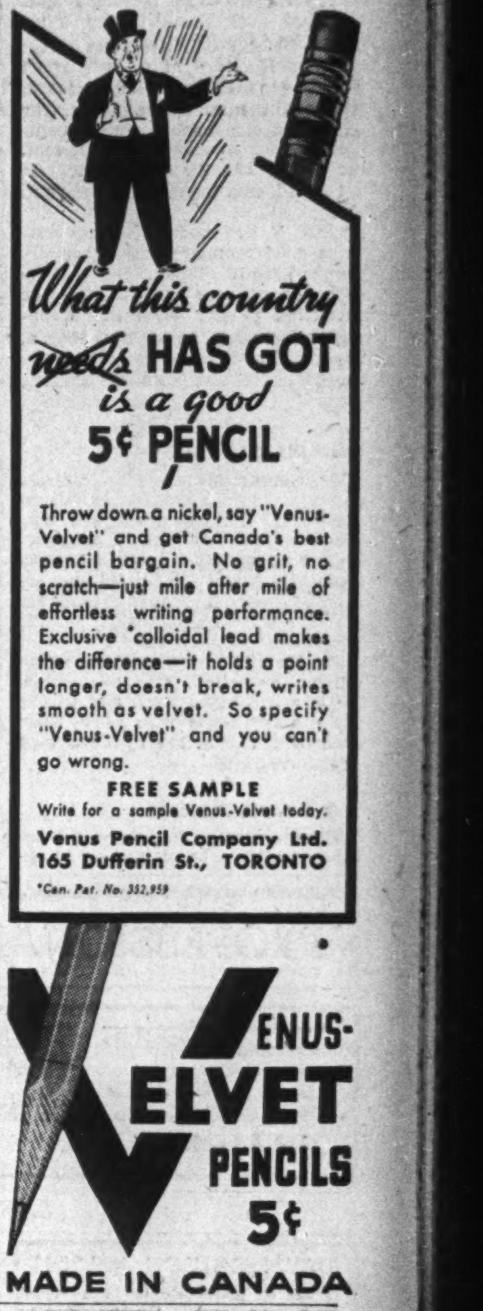
At first, the term "bachelor" applied to unmarried men since presumably they still had their fortunes to make and so were not full citizens. Today a man does not need to have made a fortune to enjoy the full but delicate flavour and aroma of 100% Havana filler; for Bachelor Cigars cost only 10c.



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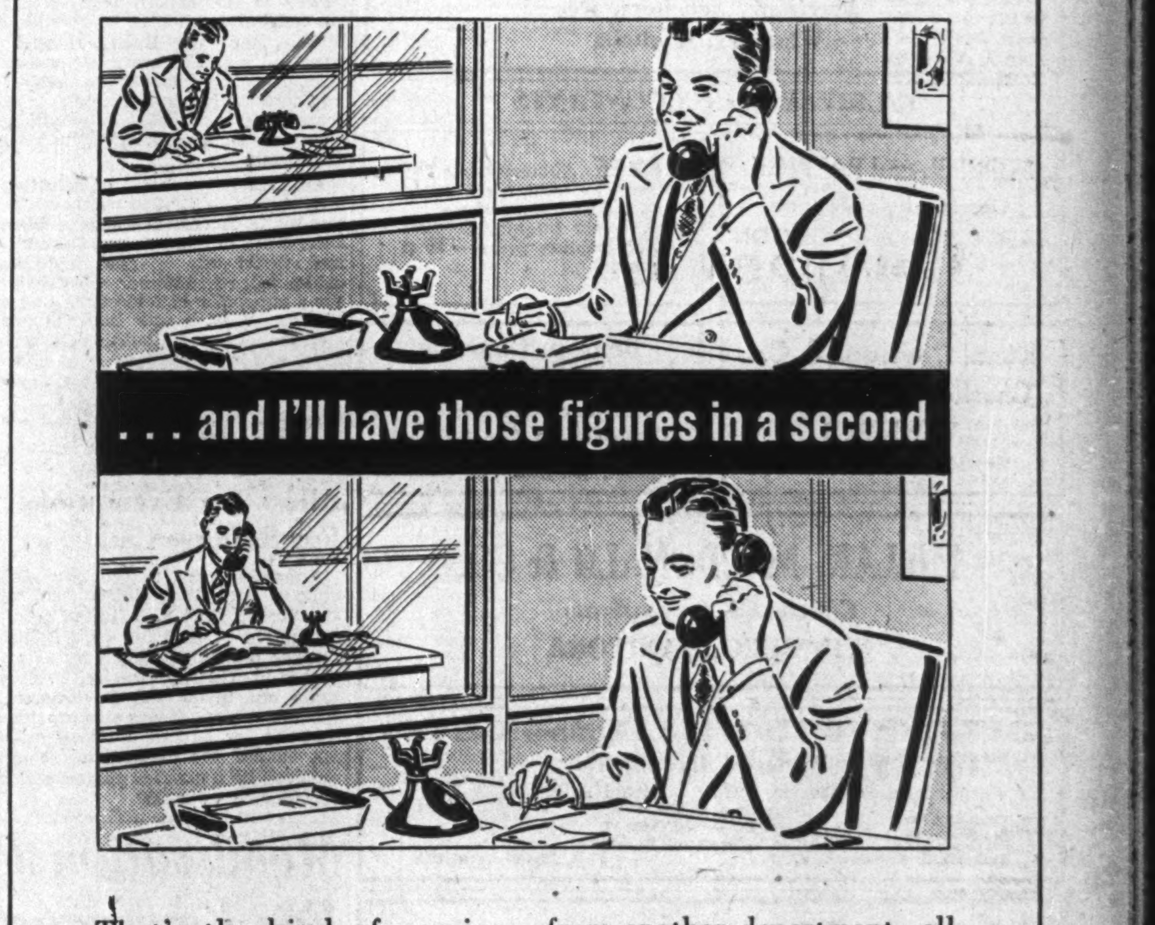

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HERBERT MORRISON

London Calling

by Atticus

Atticus Heartened by Air Force Spirit and Flood of Sinews of War

KING CAROL

LONDON.—There is some doubt in my mind as to whether I am a "fit and proper person" (as they say at election time) to write these notes for today. I have come under influences which stir the blood and may distort judgment. In other words, I have had a particularly gallant and gay airman on leave as my guest for a few days. Having fought the Hun over Dunkirk and other places he regards victory as a certainty. His idea of a day's sport would be to meet the enemy on terms approaching numerical equality. Our pilots and our machines are incomparable, our morale is magnificent, the enemy is poor stuff, victory is not far off and the world is a grand place.

Thus, if evil companionship corrupts good manners so may goodly companionship infect the spirits with cheerfulness and dissipate the encircling gloom. With this warning and apology, I shall now look at the world as it revolves (rather too much) on its axis in these stirring days.

* * *

Sinews of War

Mr. Herbert Morrison, as Minister of Supply, told a heartening tale in the House. Weapons of war are coming from our factories in an ever-increasing torrent. It must have been a proud moment for this former errand boy when he rose to account for his Supply administration in the hour of the nation's crisis.

Mr. Morrison, who is doing a fine job for the nation, is in the fashion. He is a self-made man, and this is the era for those who have made their way to the top by their own exertions.

* * *

To Front Bench

The procedure when an M.P. takes his seat after a by-election is to appear at the Bar of the House, flanked by two sponsors, and to await the Speaker's words: "Members desirous of taking their seats." The procession of three then takes six steps forward, bows, then six more steps and another bow, after which the sponsors disappear as though washing their hands of the whole business. The new M.P. then repeats the Oath, signs the book, shakes hands with the Speaker, amid the modified rapture of his party, and sidles into the obscurity that lies behind the Speaker's chair.

Mr. Bevin, who took his seat the other day, did all this except going into obscurity. Like most Parliamentary novices, he was not too happy about the steps and the bows, but when he had shaken hands with the Speaker he turned and sat down on the Front Bench as a member of the Government. His powerful head and the suggestion of unforced vigor made an excellent impression on a House which is not easily impressed these days.

The story of Ernest Bevin is worth recalling for a moment, since, as Minister for Labor and National Service, he most definitely holds a key position in the Administration. His parents died when he was eight years of age, and two years later he went to work on a farm. M.P.'s were surprised last week at the sureness he displayed in answering questions, but when he was on the farm it was his habit in the evening to read aloud from the newspaper the debates in Parliament.

Mr. Bevin is a realist, which is not surprising, for he has been in turn a page boy, a tram conductor, a shop assistant, a vanman and a trade union official. Such a career leaves room for sentiment, but not for illusion. He prides himself on seeing things as they are, although he has mellowed with the years, and is not so inclined now to deny any logic or justification in his opponents' point of view. He is thick-set, burly, sallow-faced, dark-eyed, and has a dominating quality which has won him both victories and enemies in the past. Now the whole country is with him, and in his dealings with other Ministers he has shown an admirable mixture of tact and firmness.

* * *

A Royal Squeeze

Before dismissing this pleasing and impressive theme of self-made men, I wonder if we should not include King Carol, who seems at last to be paying the penalty of ruling over a country situated so uncomfortably between Russia and Germany. It is true that he was born a prince and became a king, but he temporarily lost his throne and had to make his career all over again—which is enough to put him also in the fashionable category.

June is a lovely month in Bucharest. There is a softness in the air that blends seductively with the music of the gipsy bands in the open-air cafés. Carol himself lives in a palace which is so spotless that, except for its superb paintings, it might be a high-class American clinic. He, too, has tried to be a realist. He hates Hitler with all the deep-seated resentment of a Hohenzollern against the usurper who succeeded to the glory of his ancestors.

* * *

Exit M. Corbin

We shall not see the calm, pale face of M. Corbin in the Ambassadors' Gallery again. As the representative of France he sat in his place at Westminster on the Sunday morning when we declared war on Germany, but his face indicated nothing of the emotions that must have been surging inside him. Again and again in this Parliament of endless crises I have watched him, and never yet detected any change in the immobility of his fine features.

No two men could be more unlike than M. Corbin and M. Maisky, but they share one thing in common, a complete inscrutability. M. Corbin is a bachelor, which is a pity, for in his grief at the collapse of his country he should have the sympathy and healing kindness of a wife. He has many friends here, and the respect of all who have come in contact with him. Artistic, clever, courteous and patient, he was born to diplomacy in the truest sense of the term. One felt that here was a man who represented civilization and who abhorred the lowering of human standards throughout the world. His delicate hands and small feet bespoke a son of France, delicately nurtured but firm of purpose. Perhaps, when his country is born again, he will once more play a leading part.

* * *

Wendell Willkie

Everyone was certain a month ago that the Republican candidate in America would either be Mr. Dewey or Mr. Taft. Instead of that the convention chooses Mr. Wendell Willkie, the "big Bucko Hoosier" from Indiana, who worked his way through college, fought in the last war, took up law and business, is 48 years of age, and hates the Nazis. In other words, Mr. Willkie is a self-made man.

America has a habit of selecting men of high ability and character for the White House—there have been exceptions, of course—and the civilized world can be glad that the choice will rest between a Roosevelt (or a supporter of Roosevelt) and a Willkie. What a pity that the two men cannot form a Coalition Government, and bring the force of an undivided America to bear upon Europe!

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The Post-Bag

Spelling Lesson

The Toronto Daily Star's editor delights on occasion to read a lesson to other editors on the meaning, origin or spelling of words or expressions. The lessons are always good-natured and delivered with much patience.

May we suggest that the editor write one of his little talks in explanation of his own use of the spelling "St. Francois Xavier" as the name of the famous Catholic university in Nova Scotia?

* * *

History Repeats

News report in a London newspaper:

"The rumor of an imminent invasion seemed to be credited here yesterday and even confirmed . . . It is now said that the attack will fall upon the coast of Essex and Norfolk . . . All the troops are in movement . . . Attention is being directed to the possible projects of the enemy in Ireland."

The date: Oct. 11, 1803.

Half a dozen similar striking parallels from history appeared together in an editorial in the Montreal Herald of July 10.

* * *

Slight Mistake

Seen in Hansard: (G. K. Fraser, M.P., speaking):

" . . . I am reported as having said yesterday, 'I have in mind a family in Peterborough that had to mortgage their children.' "

"This should read, 'I have in mind a family in Peterborough that had to mortgage their home.' "

* * *

Installment Due

"Freedom must be paid for" is the title of a message impressively printed on a large card and circulated to his friends by Fred C. Johnstone, advertising manager of International Fibre Board, of Ottawa and Gatineau.

Extract: "Freedom is not a gift, but a precious thing purchased, as it were, on a long installment plan. Every hundred years or so, a new payment has become due . . . When in 1918, the Great War was won, we thought we had made our last payment. Apparently it is not so."

* * *

Larger Book

An index of business conditions in Canada—the Montreal directory of the Bell Telephone Co. of Canada for 1940 carries 487 pages of subscribers' names and 421 pages of advertisements.

Last year 471 pages were required to list subscribers and 401 pages for advertisements.

* * *

Still Legible

Each room in the Chateau Laurier is supplied with a copy of "Current Events," which tells the visitor to Ottawa of the things to do and see while in the capital city. The current issue has a column headed, "The City of Ottawa Is . . ." Then follows a list of items. But halfway down a piece of paper has been pasted over a list of the Empire and foreign representatives in the city. If it had been the intention to eliminate this information, it would have been better to black out the items rather than use a thin sheet of paper through which the names can be read quite easily.

* * *

Passports For Picnickers

There's a place in Canada which Americans can visit freely, with no papers or red tape, but which Canadians cannot visit without passports and visas. This is Bob-Lo Island (short for "Bois Blanc") in the Detroit River. Canadian soil, it is owned and run as an amusement park by an American steamship company which operates excursions from Detroit.

There used to be a ferry to Amherstburg on the Canadian side, but it stopped running the other day. Canadians desiring to visit the island have to go to Detroit and take the boat, which means they have to have passports.

We once visited the island when the Canadian dollar was at a discount of 20%. Although we were still in Canada, our Canadian money was refused by concessionaires.

Presumably only American money is accepted there today. This prompts R. M. Harrison in the Windsor Star to ask if this money is sold—as the law demands—to the Foreign Exchange Control Board.

And the editor of the Amherstburg Echo asks why children from southwestern Ontario, wanting to hold a Sunday school picnic on Canadian soil, have to get passports to do it.

* * *

Willkie Will Win?

Note from a N. Y. stockbroker:

"Since the nomination of Willkie there is a much better feeling in these parts. I feel sure he will be elected and this will be an incentive to work hard, because industry and hard work will then be encouraged, not prosecuted and persecuted.

"If good news comes from Britain I look for interest in securities to be revived."

* * *

No Wheat Boom

Experts forecast a wheat carry-over at July 31 of at least 250 million bushels. With many world markets closed, a demand for about 300 million bushels of Canadian wheat is seen in the coming twelve months. Any crop surplus over that would probably go on top of the present carry-over . . . The last war made Canadian wheat-growers prosperous. But it is now conceded that there can be no prosperity for Canadian wheat-growers this time until the war ends.

* * *

Empire Answers

"Never again will Dominion troops fight a war for England," was Goering's boast. In 12 months 20% of all pilots recruited for the R. A. F. came from the Empire. The first fighter pilot to be decorated both by the King and President of France came from Singapore. Pilots and crews from Dominions and colonies have a magnificent record of service in the Royal Air Force.

Allow Tax Exemptions For Refugee Children

An amendment to the Dominion budget resolution, introduced by Finance Minister J. L. Ilsley, grants exemption of $400 for each British refugee child maintained by a tax-payer in Canada, providing they came out under the Government-sponsored plan. It was also provided that the tax benefit obtained could not exceed the amount of benefit received by a married person with a net income of $5,000.

Mobilization Plan Is Drafted For Emergency Rebuilding

To ensure rapid emergency rebuilding of war supply factories, military structures and other units essential to Canada's war effort, should they be damaged or destroyed by sabotage or accident, the construction industry in the Toronto area has readied itself to throw into such work full resources of engineering skill, equipment, materials and labor.

The preparations have been made by a special mobilization committee of the Toronto Builders Exchange, in collaboration with military and supply authorities, contractors and subcontractors, supply houses and manufacturers, owners or operators of equipment, and labor groups. A complete roster has been compiled of all firms and key individuals whose services are likely to be required in such emergencies, together with day and night telephone numbers of executives, supervisors, foremen, labor union officials, etc.

Primary purpose of the plan is to pave the way for immediate mobilization of fast-operating forces for reconstruction work required in emergencies, especially at night or on Saturdays, Sundays and holidays. Labor for urgent reconstruction work will probably be drawn temporarily from the working forces of regular construction operations in progress in the Toronto area.

Limited to Emergencies

As far as is known, similar plans have not yet been made in other centres, though Toronto's lead may be followed elsewhere. The Toronto scheme applies only to work required in the Toronto metropolitan area, and is restricted to emergency replacement of structures damaged by sabotage or accident.

To date, it is understood, building trades unions in the principal urban areas have declined to modify their working rules to permit overtime operations at night, or on Saturdays, Sundays or holidays, on new buildings whose completion is required in a hurry.

The attitude of the unions, it is reported, is that where rapid construction is required, work outside of regular hours must be done by taking on extra shifts, and even then Saturday, Sunday or holiday work is not permitted. Such a stand will continue, it is said, until all available unemployed construction labor has been absorbed. However, some leeway from these rules has been allowed on projects outside of the principal urban areas.

Trade Service Scope Curbed By War Effect

Canada's Commercial Intelligence Operations Are Revamped

From Our Own Correspondent

OTTAWA.—Forced curtailment of Canada's trade envoy service has been accompanied by pressure for new posts and new jobs for trade commissioners and assistant commissioners, as war conditions have narrowed the Canadian commercial intelligence service in continental Europe.

Only in the United Kingdom and Ireland does the department of trade and commerce retain trade commissioners covering European territory, except the office at Cairo, Egypt, which serves southeastern countries in addition to the Near East.

In re-arranging the commercial intelligence service, the department has been strengthening its service in Latin America. But only the return of peaceful trade conditions will bring the service back to its pre-war scope.

Budget Cut

A cut of nearly $75,000 has been sliced off estimates for the commercial intelligence service for 1940-41, in the Government economy drive on peacetime expenditures.

Last year the staff included 36 trade commissioners and 23 assistants. This year estimates provide only for 35 commissioners and 20 assistants. The vote for the service in the current year is $762,980.

Offices closed in continental Europe, in order of closing as a result of the war, were at Berlin, Oslo, Rotterdam, Brussels, Paris and Milan. Changes affecting staffs in these offices have been made and others will follow.

Personnel Shifted

Yves Lamontagne, trade commissioner at Brussels, has been appointed to the Wartime Prices and Trade Board in Ottawa.

G. R. Heasman, trade commissioner at Canada House, London, has been transferred to Canada for other work, though in the meantime he is relieving W. J. Riddiford, trade commissioner at Chicago, who has joined the Royal Canadian Naval Volunteer Reserve for active service.

J. A. Langley, trade commissioner at Rotterdam, has been transferred to the London area, and M. B. Palmer will be transferred from Trinidad to Chicago, leaving G. A. Newman, assistant commissioner, in charge at Port of Spain. A. B. Muddiman, trade commissioner at Milan, will go to Mexico City, relieving R. T. Young, who will return to Ottawa for war work.

New Post in Cuba

A new post of assistant commissioner is being opened in Cuba, and Maurice Belanger, former assistant commissioner at Brussels has been appointed to it. W. G. Stark, is being transferred from Rotterdam to Lima, Peru, as assistant commissioner, and S. G. MacDonald, assistant commissioner at Lima, will go to Panama City.

Hercule Barré, trade commissioner at Paris, and J. P. Manion, assistant commissioner in the same office, are returning to Ottawa, though no announcement has been made of new duties for them.

Present Scope

With six European offices closed, the commercial intelligence service covers the following territories:

British Isles and **European area:** London, Liverpool, Bristol, Glasgow, Dublin and Belfast, and Cairo.

Dominions: Sydney, Melbourne, Auckland, Cape Town and Johannesburg.

United States: New York, Chicago, and Los Angeles.

Orient: Bombay, Singapore, Shanghai, Hong Kong, and Tokyo.

Latin America: Buenos Aires, Rio de Janeiro, Trinidad, Jamaica, Havana, Mexico City, Panama City, and Lima.

House Building Loans Decline

Financing Under N.H.A. and H.I.P. Drops 20% During June

Decline of nearly 20% was shown in June in total of loans for dwelling construction and renovation under Government - sponsored financing measures. Amount of National Housing Act loans (now restricted to erection of single family dwellings) dropped 18% below June, 1939, while volume of Home Improvement Plan financing fell 21%.

Cumulative total of loans under the measures since their inception stood at nearly $103 millions, at the end of June, of which the N.H.A. accounted for $58.5 millions and the H.I.P., $44.4 millions.

June Operations

June lending for Housing Act operations amounted to $1,807,981, compared with $2,196,825 in June, 1939. The shrinkage was primarily traceable to suspension of lending for construction of apartments and other multiple dwelling units. However, the number of loans at 594 showed a rise of 47, about 80% being loans of $3,500 or less. Nearly 40% of the housing units financed were covered by loans of $2,500 or less, over half of these being on the 90% mortgage basis for low cost dwellings.

Home Improvement loans in June totalled $1,516,270, a moderate rise over May of this year, but a drop in comparison with the June, 1939, volume of $1,902,406.

Ottawa Publicity Units Likely to be Merged

From Our Own Correspondent

OTTAWA. — Reorganization of government information services under the new Department of National War Services will be undertaken shortly, it is indicated. Officials are studying various suggestions for eliminating blind spots in the flow of news to the Canadian people concerning the war effort of the Government.

Chief task to be undertaken will be to present a picture of the war effort as a whole and to improve the access of newspapers and news agencies to facts.

A proposal has been made that a front-rank newspaper managing editor be retained for the job, giving him the rank of deputy minister of information. But it is not likely that a new deputy minister's post will be created at the present time.

Virtually every department of Government has its own information and publicity service. Some of these are highly specialized, such as tourist publicity or national parks publicity. Such services would not likely be touched. But for departments concerned chiefly or solely with war activities, a measure of co-ordination will be sought.

Photographic and motion picture services will be brought under the new set-up to some extent.

D. A. Campbell Elected To Foundation Board

From Our Own Correspondent

MONTREAL. — D. A. Campbell, Toronto, president of the St. Lawrence Flour Mills Co., has been elected to the board of directors of the Foundation Co. of Canada.

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